DISCOUNT STORE CENSUS '83/'84

Discounters' Sales Climbing to $73.3B

YEAR	TOTAL SALES IN BILLIONS	TOTAL STORES	NET GAIN (LOSS) OF STORES	TOTAL SQ. FT. IN MILLIONS	DOLLARS PER SQ. FT.	AVG. SALES PER STORE IN MILLIONS	AVG. STORE SIZE IN THOUSANDS OF SQ. FT.
1983	$73.30*	8,217	(65)	579	$126.51*	$8.92*	70.51
1982	66.60*	8,282	118	584	114.05*	8.04*	70.50
1981	66.60	8,164	428	576	115.58	8.15	70.58
1980	60.50	7,736	470	546	110.79	7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

Doesn't include sales from discounter supermarkets. (a) Reflects 18-month period ended Dec. 31, 1974.

(Source: DSN Research)

Nationwide DSN Survey

The discount department store industry, fueled by the recovery in the economy, is poised to undertake another major growth spurt in sales and productivity.

The industry's projected overall 10.1% sales gain to $73.3 billion, along with a 10.9% jump in individual store volume to an average of $8.9 million, doesn't completely denote the major changes under way in discountland.

The most important is the growing amount of apparel volume being checked out by discounters as they refine their merchandising to meet the demands of a changing consumer lifestyle.

High Volume

Ladies' apparel, for example, this year is projected to account for $13.3 billion in sales in discountland, an 18.1% share of the industry's total volume. Last year, ladies' wear volume of $11.8 billion amounted to 17.7% of the industry's sale.

A similar situation is taking place across the aisle in men's wear. That category is expected to produce $7.4 billion in volume or 10.1% of the industry's sales, up from $6.6 billion in sales or 9.9%.

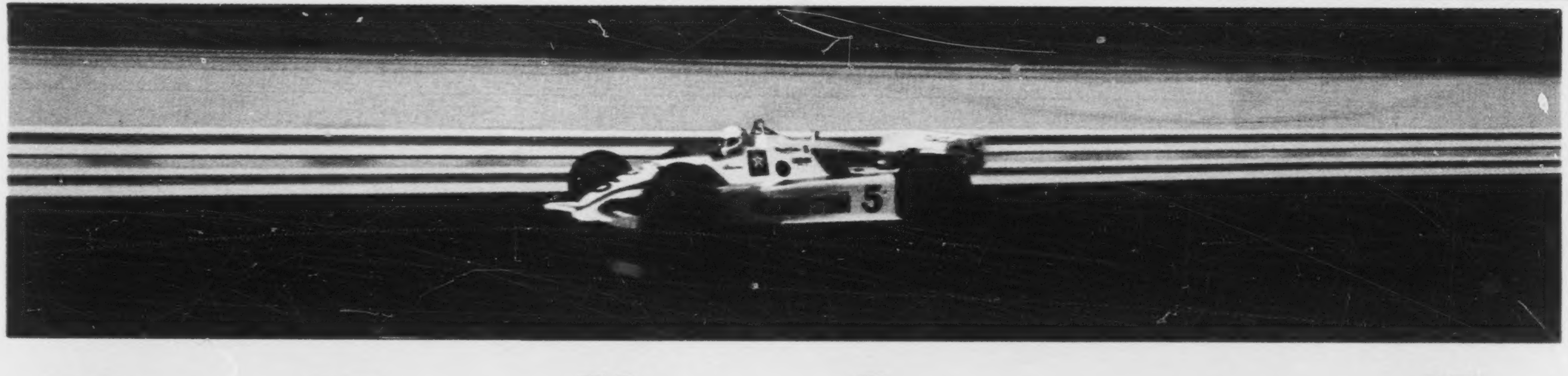
The gains being made in apparel merchandising reflect the increased number of name brands being sold by discounters as part of their upgrading of soft goods.

Interest Is Building

A similar trend is evident in health and beauty aids, as more and more designer fragrances are now wafting through discount stores. H&BA sales are projected to hit $5.2 billion in discountland, 7.1% of the industry's total. Last year the category's volume was $4.6 billion or 6.9%.

Consumer lifestyle changes aren't limited to just fashion and fragrances—they also involve exotic electronics in the form of computers, digital records and players, VCRs and satellite dishes.

The impact of these new consumer electronics is to push sales of this category in discountland to a projected $5.4 billion or 7.4% of the industry's total. Last year, sales in this area amounted to $4.3 billion or 6.5%.



How Havoline, the motor oil that helped win the Indy 500, gives you the inside track.

Havoline's Year-Round Promotional Program.

At this year's Indy 500, a specially formulated Havoline racing oil was used to lubricate and protect the *Texaco Star* race car, driven to victory by Tom Sneva. And the same wear protection additive and friction fighter used in Havoline racing oil are in the Havoline Supreme motor oils you sell. That kind of quality sells itself. Plus Havoline offers an extensive marketing and advertising support program to fully insure you the inside track in the marketplace. Here's how:

- **NEW HAV-A-BONUS PROGRAM- an exciting promotional opportunity for volume-minded retailers.**
- **Dynamic Consumer Rebate Offers.**
- **Generous Retail Advertising Allowances—up to $1.00 per 24/1-quart case.**
- **Store Display Allowances—$50.00 per store per quarter.**
- **Grand Opening Cash Bonus for new stores—up to $800.00 per store.**
- **Marketing Aids.**
- **Off-Invoice Allowances.**
- **A Multi-million Dollar Advertising Program, featuring Bob Hope and Indy 500 winner, Tom Sneva.**

Havoline motor oil, backed by Texaco's promotional programs, and the *Texaco Star* are a winning combination. Quality, protection, and proven performance have made Havoline a sales leader for over 75 years. And that's a track record you'll really profit from.

For all the details, contact your Havoline representative, wholesaler, or John P. Wies, Manager, Lubricants and Services, Texaco U.S.A., 1111 Rusk Ave., Houston, TX 77002. Or telephone: (713) 650-5218.

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MOTOR OIL
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SAE 10W-30

TEXACO

NEW HAV-A-BONUS PROGRAM. Now through December 31, 1983, volume-minded retailers can be reimbursed up to $2.40 on 24/1-quart cases or $1.20 on 12/1-quart Easy Dozen™ cases of Havoline motor oil, all grades.

DISCOUNT STORE CENSUS '83/'84

Top Discount Department Store Chains

Rank	Chain (HQ state in parentheses)	Estimated Volume (in millions)			No. of Stores			Total Sq. Ft. (Add 000)		
		Proj. General Merchandise $ Current Fiscal Yr. (Including Leased Depts.)*	General Merchandise $ Previous Fiscal Yr. (Including Leased Depts.)*	Net Earnings in Millions Previous Fiscal Yr.	1/83	12/83	To Be Added, 1984	1/83	12/83	To Be Added, 1984
1	K mart (Mich.)	18,746[a]	16,911[a]	261.8	2,117	2,160	70	121,600	125,000	4,060
2	Wal-Mart (Ark.)	4,325	3,448	124.0	551	635	100	27,728	33,678	6,000
3	Target (Minn.)	2,774	2,412	150.1*	167	206	—	16,261	20,064	—
4	Gemco (Calif.)	2,325	2,114	36.9*	80	83	—	8,806	9,134	—
5	T.G. & Y. (Okla.)	1,786[b]	1,805	—	566[b]	546	—	19,843[b]	19,142	—
6	Zayre (Mass.)	1,778	1,616	55.1*	264	273	13	18,900	19,539	852
7	Hills (Mass.)	1,074	894	37.8*	99	116	12	6,374	7,540	792
8	Caldor (Conn.)	1,064	925	—	79	96	—	7,031	8,544	—
9	Bradlees (Mass.)	1,003	872	50.5*	106	127	10	7,348	8,801	693
10	Meijer (Mich.)	933	848	—	50	50	—	6,051	6,051	—
11	Payless (Ore.)	830	785	19.4	147	151	7	4,410	4,530	210
12	Fred Meyer (Ore.)	792	720	—	68	68	—	6,000	6,000	—
13	Venture (Mo.)	782	680	30.0*	47	51	8	4,272	4,573	629
14	Rose's (N.C.)	679	617	44.5*	179	179	—	7,004	7,004	—
15	Cook United (Ohio)	619	600	8.7*	117	114	—	6,717	6,527	—
16	Price Club (Calif.)	600[c]	371	7.9	9	12	—	900	1,200	—
17	Murphy's Mart (Pa.)	585	531	—	111	118	5	5,269	5,302	237
18	Ames (Conn.)	580[d]	388[d]	21.2	136	185	10	4,825	7,169	700
19	Gold Circle (Ohio)	576	501	—*	50	51	—	5,677	5,777	—
20	Jefferson/Ward (Fla.)	510	500	—	50	48	—	5,410	5,198	—
21	Alexander's (N.Y.)	558	507[e]	3.2	15	15	—	3,614	3,614	—
22	Zodys (Calif.)	512	488	—[f]	50	47	—	3,000	2,800	—
23	Fedco (Calif.)	500	457	—	8	8	—	600	600	—
24	ShopKo (Wis.)	455	396	24.8*	36	39	—	2,209	2,431	—
25	Jamesway (N.J.)	418	345	6.8*	68	77	7	3,906	4,485	406
26	Heck's (W.Va.)	392	356	19.5*	119	125	6	4,360	4,618	258
27	Pamida (Neb.)	385	361	10.5	166	167	7	3,395	3,490	150
28	Richway (Ga.)	370	322	—	30	31	—	3,198	3,305	—
29	Howard Bros. (La.)	360	334	—	101	108	—	3,539	3,886	—
30	ALCO (Kan.)	340[g]	205[g]	7.7	80	130	—	2,372	3,700	300
31	S. E. Nichols (N.Y.)	288	262	2.5	42	42	—	3,780	3,780	—
32	Grand Central (Utah)	256	230	(3.0)	32	32	—	2,000	2,000	—
33	TSS-Seedman's (N.Y.)	245	222	8.3	15	18	—	2,619	2,816	—
34	Value City (Ohio)	220	200	—	27	31	—	2,700	3,100	—
35	Bi-Mart (Ore.)	210	187	—	30	32	2	900	960	60
36	Clover (Pa.)	205	180	—	17	18	1	1,109	1,170	85
37	Ann & Hope (R.I.)	203	185	—	5	6	—	930	1,116	—
38	Copps (Wis.)	163	155	(0.3)	17	18	—	831	874	—
39	Danners (Ind.)	161	146	—	35	35	—	1,553	1,553	—
40	Gee Bee (Pa.)	158	144	7.1*	20	21	—	1,280	1,344	—
41	Harts (Ohio)	147	139	2.4*	26	27	—	1,820	1,890	—
42	Prange Way (Wis.)	135	124	—	22	20	2	1,215	1,204	170
43	Quality Stores (Mich.)	135	113	—	42	45	5	745	805	89
44	Smitty's (Ariz.)	113	103	—	20	20	—	2,200	2,200	—
45	Rich's (Mass.)	110	105	—	13	13	—	806	806	—
46	Sky City (N.C.)	104	95	—	72	72	—	2,880	2,880	—
47	Gibson's (Kan.)	100[i]	91	—	28	28	—	900	900	—
48	Swallens (Ohio)	100	85	—	7	7	—	750	750	—
49	Modell's (N.Y.)	98	93	—	6	6	—	720	720	—
50	Gaylords (N.J.)	95[h]	84[h]	0.1	29	32	2	1,305	1,445	—
51	Maloney's (Ky.)	85	80	—[f]	42	39	—	745	707	—
52	J. W. Mays (N.Y.)	85	122[e]	—[f]	4	4	—	1,040	1,040	—
53	David's (Kan.)	84	80	—	6	6	—	360	360	—
54	Laneco (Pa.)	77	70	—	16	18	—	1,300	1,500	—
55	G.I. Joe (Ore.)	75	70	0.8	8	8	1	450	450	55
56	Gibson's (Odessa, Tex.)	68	80	—[f]	11	5	—	975	376	—
57	The Fair (Mass.)	66	62	—	8	8	—	700	700	—
58	Kingsway (Mich.)	60	46	—	4	4	—	400	400	—
59	The Andersons (Ohio)	55	50	—	1	1	—	100	100	—
60	Click (Ohio)	54	50	—	10	10	—	1,000	1,000	—
61	Van Leunen's (Ohio)	54	48	—	6	6	—	743	743	—
62	Monte Mart (Calif.)	52	50	—	3	3	—	213	213	—
63	Grandpa Pigeon (Mo.)	49	47	—	5	5	—	250	250	—
64	J-Hawk (Tex.)	47	45	—	17	14	—	751	743	—
65	Lee Shops (Mass.)	46	44	—	9	9	—	480	480	—
66	Giant Way (Mich.)	45	43	—	15	15	—	560	560	—
67	West & Co. (La.)	42	40	—	8	8	—	335	335	—
68	Mars (Mass.)	40	29	0.4	7	11	4	420	660	240
69	Bargain Town (Ala.)	39	37	—	40	40	—	820	820	—
70	Lloyds (N.Y.)	39	37	—	3	3	—	250	250	—
71	Matco (Mo.)	38	37	—	17	14	—	510	420	—
72	Shoppers World (Tex.)	36	34	—	45	45	—	1,071	1,071	—
73	Magic Mart (Va.)	35	25	—	10	13	1	345	500	55
74	Treasure City (N.Y.)	35	33	—	10	10	—	412	412	—
75	Wonder World (Nev.)	35	34	—	4	4	1	320	320	80
76	Gibson's (K.C., Mo.)	33[j]	30	—	10	10	—	388	388	—
77	Valley Fair (N.J.)	32	30	—	2	2	—	270	270	—
78	Jack's (Ill.)	30	29	—	8	8	2	285	285	90
79	J. A. Conley (Ohio)	25	24	—	13	13	—	280	280	—
80	Gibson (Beaumont, Tex.)	24	20	—	4	4	—	400	400	—

Operating profit. [a] Volume limited to United States and Canadian K marts; earnings for the entire corporation. [b] Excludes variety stores. [c] For fiscal year ended 8/31/82. [d] Includes sales from those King's stores operated under management agreement with KDT Industries, pending acquisition. [e] For fiscal year ended 7/31/82. [f] Operating under Chapter XI. [g] Includes sales from former Magic Mart stores from date of acquisition. [h] Doesn't include sales from leased departments or Tower Catalog Showrooms. [i] Operated by Chaffin Inc., Dodge City, Kan. [j] Operated by G. E. Stockton Inc., Kansas City, Mo.

Southeast Keeps 22% Store-Share Lead

Region	Proj. No. Disc. Stores Dec. '83	No. Disc. Stores Dec. '82	No. Disc. Stores Dec. '81	% Gain (Loss) 1983	Proj. Sq. Footage Dec. '83 (add 000)	Sq. Ft. Dec. '82 (add 000)	Sq. Ft. Dec. '81 (add 000)	% Gain (Loss) 1983
SOUTHEAST Ala., Fla., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	1,803	1,808	1,740	(0.3)	122,283	122,623	117,841	(0.3)
EAST CENTRAL Ill., Ind., Mich., Ohio, Wis.	1,585	1,605	1,593	(1.3)	116,914	118,389	117,586	(1.2)
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	1,295	1,291	1,242	0.3	80,368	80,120	76,651	0.3
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	1,226	1,243	1,249	(1.4)	98,729	100,098	99,757	(1.4)
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., N.D., S.D.	778	790	770	(1.5)	53,058	53,876	52,443	(1.5)
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	676	681	707	(0.7)	50,677	51,052	52,856	(0.7)
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	603	613	622	(1.7)	40,844	41,521	42,215	(1.6)
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	251	251	241	—	16,202	16,202	15,507	—

Nationwide DSN Report

The Southeastern states are holding onto their leading (22%) share of the total number of discount department stores.

The actual number of stores located in the 10-state region fell slightly—by five stores—but with the industry's overall store count shrinking by 65 stores, to 8,217, the percentage for the area is remaining the same as last year.

There was a lot of reshuffling going on this year as the huge 329-store Woolco chain was closed and the 116-unit King's chain also went under.

Although many of the store sites were picked up by other retailers, almost every region had a net loss in the total number of discount stores for the year.

In fact, the only region in which the discount store count didn't fall was the Mountain State area of Colorado, Idaho, Montana, Nevada, Wyoming and Utah. In those states there are still 251 discount stores.

Fewer Stores

In the economically hard-hit Central Eastern region, a combination of store closings and pullbacks resulted in the greatest net loss in store counts of all the regions. There are now 20 fewer discount stores located in Illinois, Indiana, Michigan, Ohio and Wisconsin compared to last year's count.

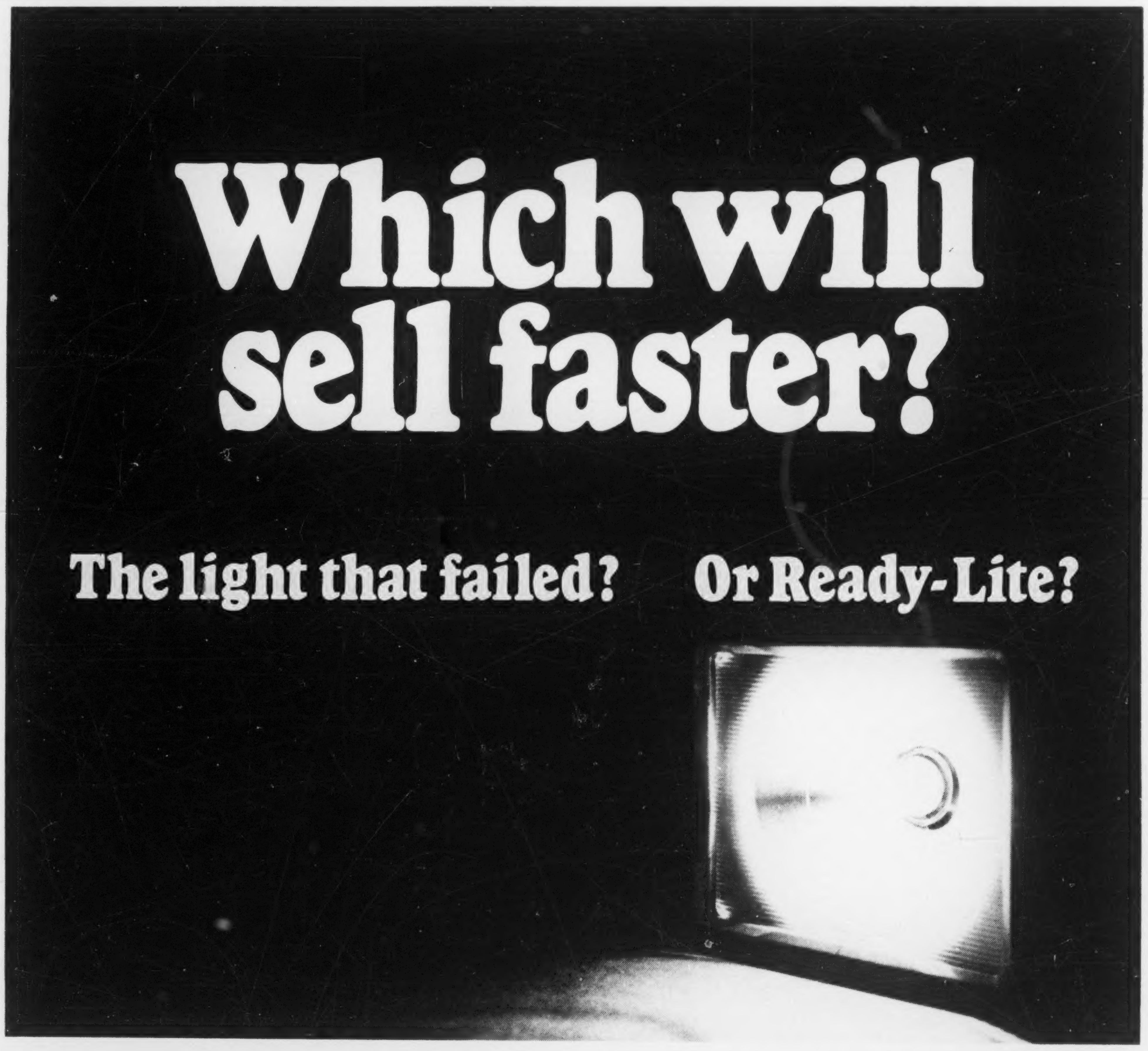
Still, that region managed to hold on to its previous 19% of the nationwide total.

The mid-Atlantic region had the second-highest net loss of 17 stores, reducing the six-state discount store population to 1,226.

The Southwest region, where much of the industry's growth has taken place in recent years, suffered the smallest net loss with four fewer discount stores now operating in Arizona, Arkansas, Louisiana, New Mexico, Oklahoma and Texas.

For the next year, the Southwest should see another gain in store count as Arkansas-based Wal-Mart embarks on a 100-store expansion plan.

During 1983 the West Central region had a net loss of 12 discount stores within a seven-state area. The six New England states totaled 10 fewer stores this year and the Pacific region had a net loss of six discount stores for the year.



Ready-Lite, the rechargeable light from the makers of First Alert, shines more than 2½ hours on a single charge. About an hour longer than the other light.

Ready-Lite stands on its own and swivels its beam to put light where you need it and leave your hands free. The other light can't.

Ready-Lite can switch from a wide beam to a narrow, focused beam. The other light can't. And Ready-Lite holds on to its power, ready for emergencies, even if you don't use it for months. The other light may not.

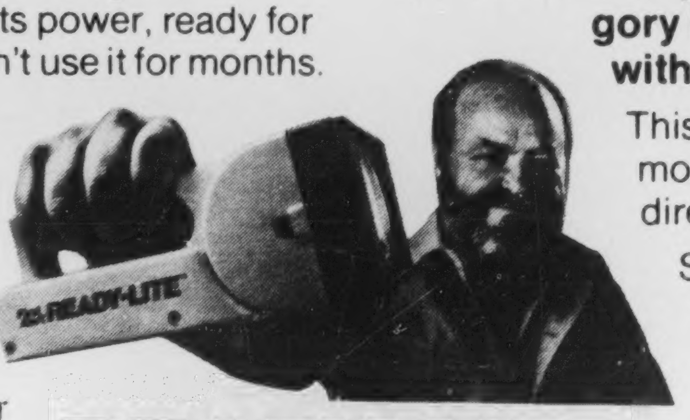
We're showing your customers these differences millions of times this year. In national magazines. On game shows. Through spot and network television commercials. Over and over again, our spokesman, William Conrad, compares long-lasting Ready-Lite with "the light that failed." And the differences he demonstrates are like night and day.

Once your customers have seen the other light compared to Ready-Lite, they won't settle for second best. The facts couldn't be clearer: the light that will sell is Ready-Lite.

We are now expanding this growing category by introducing Ready-Lite with direct plug in.

This new Ready-Lite needs no mounting bracket. It plugs directly into wall sockets.

So which rechargeable light would you rather sell. The light that failed. . . . or Ready-Lite?



READY-LITE™
From the makers of **First Alert**®

70,000-Sq.-Ft.-Plus Stores Decrease

SQUARE FOOTAGE	Projected Dec. 31, 1983		As of Dec. 31, 1982		% Change in No. of Stores Projected 1983 vs. 1982
	No. of Stores	% of Total	No. of Stores	% of Total	
10,000 to 19,999	638	7.8	638	7.7	NC
20,000 to 29,999	555	6.8	555	6.7	NC
30,000 to 39,999	696	8.4	696	8.4	NC
40,000 to 49,999	1,023	12.4	1,023	12.4	NC
50,000 to 59,999	783	9.5	783	9.5	NC
60,000 to 69,999	881	10.7	871	10.5	+ 1.1
70,000 to 79,999	613	7.4	617	7.4	– 0.6
80,000 to 89,999	888	10.8	906	10.9	– 2.0
90,000 to 99,999	283	3.4	326	3.9	–13.2
100,000 to 119,999	1,342	16.3	1,353	16.3	– 0.8
120,000 to 139,999	185	2.3	185	2.2	NC
140,000 to 149,999	57	0.7	57	0.7	NC
150,000 to 199,999	191	2.3	190	2.3	+ 0.5
200,000 and larger	82	1.0	82	1.0	NC
TOTAL	8,217	100.0	8,282	100.0	– 0.8

NC = No change.

Source: *DSN* research.

Nationwide DSN Report

Large-size stores suffered during 1983.

The 65 discount stores that make up the industry's net loss in store count this year are 70,000 sq. ft. or larger.

The number of stores in the 49,000-sq.-ft.-and-less size ranges remained constant, thus becoming a larger share.

The only substantial gain in the store numbers in any size range was in the 60,000- to 69,000-sq.-ft. range thanks to openings by K mart and Wal-Mart. At the close of this year there will be 10 more stores of that size operating than were in existence at the close of 1982.

Last year the number of discount stores of that size fell by 13 due to the shuttering of King's, May's Family Centers, and Twin Fair, among others. But, as many of those locations were reopened under new banners this year, the total number of stores in that size range edged back toward the 1981 total of 884—projected to reach 881 for this year.

As a result, stores in the 60,000- to 69,000-sq.-ft. size range now account for 10.7% of the total vs. 10.5% last year.

Key Changes

This also represents a continuation of the industry's trend toward more smaller stores: 55.6% of discount stores are now under 70,000 sq. ft. in size as opposed to 55.2% in 1982.

The industry lost the largest number of stores in the 90,000- to 99,000-sq.-ft. range, with a net of 43 stores closed during this year. Stores of that size now account for 3.4% of the industry's total compared to 3.9% a year ago.

Eighteen fewer 80,000- to 89,000-sq.-ft. discount stores are expected to be operating at the close of 1983 compared to a year ago. That size range fell by only a 10th of a percentage point as part of the overall industry.

Stores in the 100,000- to 119,000-sq.-ft. range still account for 16.3% of the industry total, even though nine fewer stores of that size will be opened at the close of this year.

The number of stores in the 70,000 to 79,000 range is down by four stores.

The industry did pick up one large store in the 150,000- to 199,000-sq.-ft. range.

INTRODUCING SNAPPY
Canon Quality and Simplicity. At the Right Price!

The new Canon Snappy is destined to become the world's best selling 35! Designed expressly for the American snapshot market, Snappy will be heavily advertised on network TV and in national magazines, tied in to a wide assortment of point-of-sale material available for your stores. Snappy cameras bring 35mm quality within the reach of millions of additional customers and provide a new profit-making opportunity for you.

Canon Snappy cameras are totally automatic, with motorized loading, film winding and rewinding, automatic exposure control and built-in electronic flash! The Snappy 20 comes in five terrific colors and features a focus-free Canon f4.5 lens. The deluxe Snappy 50 comes in charcoal gray and features two-zone autofocus with a Canon f3.5 lens. Launched with the same total marketing effort that made the Canon AE-1 the world's most popular SLR, Snappy will revolutionize the 35mm market. Again.

It's my Style!
Snappy 20 Red
Snappy 20 Yellow
Snappy 20 Blue
Snappy 20 Black
Snappy 20 White
Snappy 50 Autofocus

The Canon line has become the cornerstone on which all 35mm retail sales are built. The strongest advertising, a broad range of products and a name people trust add up to business you can count on everyday.

Canon A-1

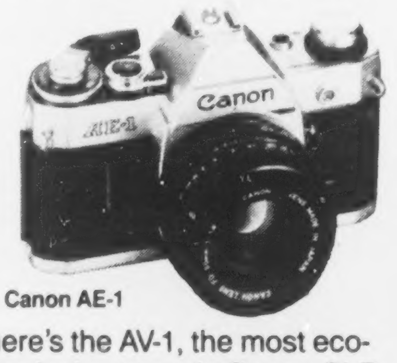
The Canon A-1 is the most advanced of our "A" Series SLR cameras, featuring six exposure control modes to suit any picture-taking situation. The Canon AE-1 PROGRAM, seen in the hands of sports celebrities like John Newcombe, Tracy Austin and Willie Randolph, is a best seller, with *programmed automation* for focus-and-shoot convenience and shutter-priority

Canon AE-1 PROGRAM

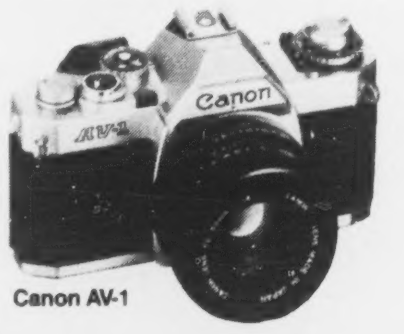
automation for creative control. The new AL-1 has QUICK-FOCUS–an electronic focusing system that makes it easy for

Canon AL-1 QUICK-FOCUS

anyone to get sharp pictures every time. The world-famous Canon AE-1 is so advanced, it's simple, and is the most accepted 35mm SLR in history. Finally,


Canon AE-1

there's the AV-1, the most economical automatic Canon SLR which offers all the flexibility of Canon FD interchangeable lenses and additional accessories like Canon power winders and dedicated speedlites.


Canon AV-1

The Canon Sure Shot and Super Sure Shot models offer totally automatic operation in handsome compact cameras that deliver SLR-quality photos

Canon Super Sure Shot AF 35 ML

Canon Sure Shot AF 35 M

without the complexity of the higher-priced SLR cameras.

The Canon line is the most heavily advertised 35mm line, and the broadest, offering Canon quality at every price point. That's why Canon is the world's leader in 35mm photography!

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South, West Get Bulk of Single-Market TV-Ad Bucks

Top 15 Discount Chains: Local TV Advertisers in a Single Market*

Rank	Chain, Market	Jan.-June 1982	Jan.-June 1983	% Change
1	Gemco, L.A.	$1,687,400	$1,213,400	− 28
2	Fortunoff, N.Y.	666,800	1,133,400	+ 70
3	Fred Meyer, Portland, Ore.	995,300	1,064,800	+ 7
4	Target, L.A.	—	886,600	+ Inf
5	Zodys, L.A.	583,100	762,300	+ 31
6	Venture, Chicago	385,600	586,800	+ 52
7	Richway, Atlanta	749,200	539,600	− 28
8	Target, Dallas	378,500	527,200	+ 39
9	Plums, L.A.	—	492,600	+ Inf
10	Fred Meyer, Seattle	213,300	478,500	+124
11	Target, San Diego	—	462,200	+ Inf
12	Zayre, Boston	336,400	450,900	+ 34
13	Wal-Mart, Dallas	580,600	446,500	− 23
14	Gemco, San Diego	446,400	440,300	− 1
15	Meijer, Grand Rapids	159,700	425,000	+166
	Total Top 15	2,563,600	3,915,500	+ 53

*K mart hasn't been included on this list. Most co-op activity is credited by BAR to the manufacturer and not the above local advertiser.
Source: Broadcast Advertisers Reports (BAR) 75 market data compiled by the Television Bureau of Advertising (TvB).

Nationwide DSN Report

Heavyweight single-market television spending by discount chains was concentrated largely in pockets of the South and West during the first half of 1983.

Figures compiled by the Television Bureau of Advertising show Meijer's first recent appearance among the Top 15, thanks to its 166% increase to $425,000 in TV ad spending in Grand Rapids, Mich.

The scales shifted heavily in Los Angeles, the nation's No. 2 TV market, as No. 1 Gemco slashed its first-half TV ad spending 28% to $1.21 million. At the same time, Zodys boosted its level of TV advertising in that market by a substantial 31% to $762,000.

Most significantly in the land of Hollywood, a dramatic real-life TV advertising battle is taking shape among major discount chains. The debut of Target commercials, on a first-half budget of $886,000, and Plums television sports, which cost $493,000 to air, may bloody some bottom lines—as discounters vie for market share in a costly way.

Target's 39% TV ad spending increase in Dallas, during this year's first half, to $527,000, remains a clear indication of the chain's staunch support of its developing markets. Surprisingly, Wal-Mart hasn't countered strongly with a media blitz of its own there; for the first half of 1983, Wal-Mart TV ad spending slipped in the Dallas market a whopping 23% to $446,000. Furthermore, Wal-Mart's TV advertising in St. Louis fell enough to knock it from the Top 15 list, where it held the No. 9 perch at the end of last year.

Target also opened up its TV advertising wallet in San Diego to the tune of $462,000. In the wake of that, Gemco let its expenditures decline 1%.

Fred Meyer, on the other hand, more than doubled its Seattle television expenditures to $478,000 during 1983's first six months. The chain also spend 7% more in Portland than a year ago, at $1.07 million during the January-June 1983 sales period.

Likewise, Venture funneled 52% more money into its Chicago-area television spending, up to $587,000 in the first half.

Based on Zayre's 34% TV ad hike in 1983's first half, to $451,000, the chain is going strongly after the Boston market.

Leading Discount Department Store Radio Advertisers (1st Qtr.)

Rank	Chain	1983	1982	1981
1	K mart	$678,342	$5,638,196	$7,884,430
2	Zayre	576,600	3,941,642	4,388,557
3	Target	243,798	998,272	592,012
4	Zodys	86,954	625,680	218,464
5	Gemco	41,558	551,762	38,642
6	Venture	27,401	86,100	83,452
7	Caldor	24,615	185,792	119,697
8	Bradlees	4,761	401,704	55,974
9	T.G. & Y.	3,529	83,255	57,693

Source: Radio Advertising Reports

7 Chains Tone Down Radio Use

Nationwide DSN Report

Seven of the top nine discount chain radio advertisers cut back their nationwide use of the medium during this year's first quarter, according to figures compiled by Radio Advertising Reports.

The two stickouts are Target, the industry's third-leading radio advertiser, and Venture, the six largest, both of which appear to be headed toward moderate expenditure increases in 1983. Target, which swelled its radio ad budget last year nearly 60% to $998,000, has already spent $244,000 during the first three months of 1983. Venture's much smaller allocation, at $27,000 in 1983's first quarter, should top last year's $86,000 level by at least 15%.

For the majority of leaders, however, radio is becoming a less important channel for reaching consumers. K mart, for the second consecutive year, is taking the starch from its radio ad budget; it was down in 1982 to $5.7 million from $7.9 million the year earlier. The No. 1 radio advertiser has spent less than $680,000 in 1983's first quarter.

That relatively paltry sum slimmmed its lead over No. 2, Zayre, which is also cutting back. Its spending pace in 1983's first quarter, at $576,000, won't come close to matching last year's 12-month allotment of $3.94 million.

Zodys, Gemco and Caldor look as if their full-year radio advertising expenditures will land somewhere between 1982 and 1981 levels.

Folg
Pampers
Bounty
Tide
Scope
Fol ers Vac
Ivory Liquid
Head & Shoulders
Duncan Hines Cake Mix
Crisco Oil
Cascade
Secr
Er
Crisco
Crest
Duncan Hines Chocolate Brownies
Duncan Hines Cookie Mix
Puff
Comet
ic ean
Duncan Hines Blueberry Muffins
Wond
Downy
Jif
Ivory
Charmin
Jlt

Our blue ribbon brands.

They can be winners for you, too.

Look at these brands, and you'll recognize some of the outstanding performers in your stores.

You know that we have quite a track record for fast-selling brands at P&G. But you may not know that of 28 grocery categories where we have major brands, we have a leading seller in 24 of them.

This kind of performance is more important than ever—to both of us.

When you're planning promotions, they can sell through more quickly and pull in more customers if you build them around popular, fast-moving brands. Like our leading brands.

And you'll recognize that many of these brands are not only great performers in their own right, but they have increased business *for the entire category.*

But fast-moving products are just one place where our interests clearly coincide.

We want to become knowledgeable about your objectives in such areas as merchandising, shelf space management, and store productivity—so we can work together as partners to help us both reach our goals.

Procter & Gamble
We hear you.

Discounter Trends in Top Metro Markets

RANK	METRO MARKETS*	Proj. No. of Stores Dec. '83	No. of Stores Dec. '82	(b) Proj. Sq. Footage (add 000)	(a) Proj. $ Discount Store Sales (add 000)	(c) Population (add 000)	Density (Sq. Ft. Per person)	(c) No. of Households (add 000)	Effective Buying Income Per Household
1	New York	80	89	5,658	$ 793,880	8,118	0.70	3,225,800	$21,211
2	Los Angeles-Long Beach	120	120	8,478	1,070,520	7,643	1.11	2,821,300	23,655
3	Chicago	161	169	11,129	1,436,281	6,029	1.85	2,184,200	26,469
4	Philadelphia	112	112	7,910	999,040	4,686	1.69	1,673,900	24,392
5	Detroit	68	68	4,861	606,628	4,420	1.10	1,570,700	26,280
6	Boston	105	100	7,026	936,705	3,657	1.92	1,335,100	25,525
7	District of Columbia	50	50	3,525	446,050	3,316	1.06	1,234,800	30,108
8	Houston	81	81	5,709	722,601	3,028	1.89	1,114,800	27,689
9	Nassau-Suffolk, N.Y.	49	56	3,488	437,129	2,637	1.32	846,100	35,148
10	Atlanta	40	35	2,814	356,840	2,262	1.24	824,900	22,958
11	Baltimore	43	41	3,221	383,603	2,224	1.45	797,500	24,051
12	Minneapolis-St. Paul	44	43	3,100	392,524	2,194	1.41	818,100	27,055
13	Pittsburgh	76	76	5,360	677,996	2,182	2.46	826,800	23,706
14	Dallas	54	93	3,806	481,734	2,091	1.82	783,800	25,217
15	Anaheim-Santa Ana	59	59	4,137	526,339	2,090	1.98	770,100	30,126
16	San Diego	33	35	2,339	294,393	1,996	1.17	739,300	23,219
17	Newark	37	36	2,619	330,077	1,865	1.40	656,700	28,638
18	Cleveland	53	50	3,742	472,813	1,853	2.02	697,900	24,265
19	Oakland	35		2,468	312,235	1,814	1.36	709,200	26,914
20	St. Louis	54	50	3,821	446,050	1,810	2.11	665,800	24,656
21	Miami-Hialeah	38	41	2,680	365,761	1,768	1.52	648,700	19,736
22	Tampa-St. Petersburg-Clearwater	37	37	2,886	330,077	1,743	1.66	726,700	17,957
23	Riverside-San Bernardino	26	26	1,842	231,946	1,706	1.08	616,900	22,019
24	Seattle	43	43	3,035	383,603	1,656	1.83	652,500	27,285
25	Phoenix	34	34	2,403	303,314	1,653	1.45	616,400	21,972
26	Denver	31	31	2,187	276,551	1,536	1.42	600,500	25,331
27	San Francisco	22	64	1,549	196,262	1,500	1.03	631,100	26,273
28	Cincinnati	57	56	4,032	508,497	1,406	2.87	514,900	23,619
29	Milwaukee	43	50	3,046	383,603	1,402	2.17	518,400	24,807
30	San Jose	34	44	2,403	303,314	1,371	1.75	503,200	30,570
31	New Orleans	46	55	3,244	410,366	1,305	2.47	473,000	21,349
32	Bergen-Passaic	23	—	1,622	205,183	1,278	1.27	460,100	30,007
33	Columbus, Ohio	44	44	3,113	392,524	1,270	2.45	475,000	22,560
34	Norfolk	31	30	2,196	276,551	1,196	1.84	411,300	21,507
35	Sacramento	24	24	1,692	214,104	1,186	1.43	468,100	22,940
36	Indianapolis	45	46	3,152	401,445	1,179	2.67	434,600	22,787
37	Portland, Ore.	40	37	2,814	356,840	1,136	2.48	450,900	22,443
38	San Antonio	40	60	2,818	356,840	1,130	2.49	380,700	20,982
39	Fort Lauderdale-Hollywood	34	38	2,399	303,314	1,108	2.17	470,500	21,566
40	Hartford	32	30	2,255	285,472	1,057	2.13	387,200	27,459
41	Fort Worth/Arlington	39	—	2,750	347,919	1,040	2.64	382,900	24,983
42	Charlotte-Gastonia-Rock Hill	25	—	1,763	231,946	1,004	1.76	366,100	20,933
43	Buffalo	37	38	2,610	330,077	995	2.62	367,800	23,675
44	Rochester, N.Y.	25	26	1,764	231,946	982	1.80	358,600	27,035
45	Salt Lake City-Ogden	26	29	1,843	231,946	974	1.89	315,800	22,739
46	Louisville	31	33	2,196	276,551	963	2.28	353,300	20,915
47	Dayton-Springfield	27	—	1,900	240,867	932	2.04	348,500	23,374
48	Memphis	27	31	1,900	240,867	931	2.04	328,400	20,419
49	Kansas City, Mo.	36	—	2,538	321,156	917	2.78	352,700	22,872
50	Oklahoma City	34	28	2,385	303,314	905	2.64	347,200	22,997

(a)Sales are projected for total sq. ft. expected to be in operation at the end of the calendar year, using industry average sales-per-square-foot figures.

(b)DSN estimates.

(c)From the 1983 Sales & Marketing Management survey of buying power.

**Reflects 1980 census data and new SMSA market definitions.*

State-by-State Breakdown of Discountland

STATES	Proj. No. of Stores Dec. '83	No. of Stores Dec. '82	Proj. Sq. Footage Dec. '83 (Add 000)	Square Footage Dec. '82 (Add 000)	Density (Square Foot Per Person)	Projected Net Gain (loss) '83		*Projected 1983 Discount store sales (Add 000)	** Total Retail Sales (Add 000)	Per Cent of Total Retail Sales
						No. Stores	Footage (Add 000)			
Alabama	196	196	11,207	11,207	2.81	0	0	$1,748,516	$ 15,730,495	11.1
Alaska	3	3	240	240	0.53	0	0	26,763	2,956,878	0.9
Arizona	103	101	7,673	7,526	2.58	2	149	918,863	12,623,047	7.2
Arkansas	220	220	10,777	10,777	4.59	0	0	1,962,620	10,021,574	19.5
California	475	480	37,050	37,444	1.48	(5)	(390)	4,237,475	125,578,730	3.4
Colorado	95	95	6,465	6,465	2.09	0	0	847,495	16,024,183	5.3
Connecticut	164	166	12,267	12,423	3.91	(2)	(150)	1,463,044	15,533,996	9.4
Delaware	26	26	1,960	1,960	3.23	0	0	231,946	2,983,000	7.7
D.C.	4	4	298	298	0.49	0	0	35,684	2,753,999	1.3
Florida	266	271	22,237	22,665	2.10	(5)	(418)	2,372,986	54,671,728	4.3
Georgia	180	180	15,476	15,476	2.72	0	0	1,605,780	24,802,847	6.5
Hawaii	21	21	1,085	1,085	1.07	0	0	187,341	5,034,998	3.7
Idaho	29	29	1,679	1,679	1.69	0	0	258,709	4,598,546	5.6
Illinois	350	354	25,305	25,608	2.20	(4)	(289)	3,122,350	53,308,896	5.9
Indiana	279	282	18,720	18,939	3.38	(3)	(201)	2,488,959	25,316,193	9.8
Iowa	134	134	8,220	8,220	2.79	0	0	1,195,414	14,088,205	8.5
Kansas	136	143	8,024	8,433	3.32	(7)	(413)	1,213,256	11,477,322	10.6
Kentucky	180	180	11,046	11,046	2.95	0	0	1,605,780	16,639,194	9.7
Louisiana	183	181	10,138	10,033	2.32	2	111	1,632,543	18,371,505	8.9
Maine	46	47	2,604	2,662	2.27	(1)	(57)	40,366	5,667,998	7.2
Maryland	115	117	8,786	8,938	2.05	(2)	(153)	1,025,915	22,252,683	4.6
Massachusetts	256	261	16,973	17,295	2.94	(5)	(331)	2,283,776	30,513,996	7.5
Michigan	249	253	20,816	21,135	2.25	(4)	(334)	2,221,329	44,462,983	5.0
Minnesota	139	139	8,885	8,885	2.13	0	0	1,240,019	20,659,790	6.0
Mississippi	135	135	6,877	6,877	2.66	0	0	1,204,335	9,248,274	13.0
Missouri	207	210	19,748	20,031	3.96	(3)	(286)	1,846,647	24,114,389	7.7
Montana	22	22	1,319	1,319	1.62	0	0	196,262	4,409,996	4.5
Nebraska	94	96	5,104	5,211	3.26	(2)	(109)	838,574	7,826,919	10.7
Nevada	35	35	2,589	2,589	2.92	0	0	312,235	5,629,999	5.5
New Hampshire	68	70	4,026	4,143	4.15	(2)	(118)	606,628	5,289,996	11.5
New Jersey	205	207	20,295	20,494	2.73	(2)	(198)	1,828,805	35,925,963	5.0
New Mexico	83	83	4,872	4,872	3.50	0	0	740,443	6,465,879	11.5
New York	435	442	36,323	36,908	2.07	(7)	(585)	3,880,635	75,334,984	5.1
North Carolina	204	204	13,788	13,788	2.27	0	0	1,819,884	24,879,632	7.3
North Dakota	33	33	1,598	1,598	2.37	0	0	294,393	3,349,918	8.8
Ohio	562	566	40,857	41,174	3.77	(4)	(290)	5,013,602	47,760,986	10.5
Oklahoma	148	152	8,421	8,649	2.64	(4)	(228)	1,320,308	15,444,403	8.5
Oregon	93	93	6,001	6,001	2.20	0	0	829,653	14,487,767	5.7
Pennsylvania	441	447	31,091	31,500	2.62	(6)	(423)	3,934,161	51,625,140	7.6
Rhode Island	39	39	3,293	3,293	3.44	0	0	347,919	4,078,999	8.5
South Carolina	126	126	8,086	8,086	2.49	0	0	1,124,046	12,810,781	8.8
South Dakota	35	35	1,528	1,528	2.17	0	0	312,235	3,414,250	9.1
Tennessee	191	193	11,269	11,386	2.37	(2)	(118)	1,703,911	19,592,094	8.7
Texas	558	554	38,502	38,263	2.51	4	276	4,977,918	82,731,512	6.0
Utah	40	40	2,663	2,663	1.69	0	0	356,840	6,337,618	5.6
Vermont	30	30	1,705	1,705	3.26	0	0	267,630	2,524,001	10.6
Virginia	204	202	15,096	14,939	2.72	2	148	1,819,884	26,988,928	6.7
Washington	84	84	6,282	6,282	1.46	0	0	749,364	21,720,187	3.5
West Virginia	121	121	7,153	7,153	3.60	0	0	1,079,441	9,346,52[illegible]	11.5
Wisconsin	145	150	11,150	11,533	2.32	(5)	(385)	1,293,545	20,196,417	6.4
Wyoming	30	30	1,487	1,487	2.89	0	0	267,630	3,141,406	8.5

* *DSN estimate based on average per-store sales projected for the calendar year.* ** *Total retail sales taken from the 1983* Sales & Marketing Management *survey of buying power.*

Top 44 Catalogers Eye $6.6B

Nationwide DSN Report

The nation's rebounding economy will be a big boon to the catalog showroom industry and should help those retailers generate at least $7.5 billion in sales this year, according to a *DSN* projection.

The top 44 chains are expected to produce at least $6.6 billion in sales, or about 88% of the industry's total volume, with Best Products at $2.2 billion, followed by Service Merchandise, at $1.4 billion, leading the pack.

The dominant position of these 44 chains denotes the ongoing changes in the showroom industry, in which fewer retailers are accounting for a lion's share of the business. This trend reflects (a) selected mergers in which the biggies purchase smaller operators, as well as (b) the merchandising upgrading that the larger operators are able to institute due to their depth in resources.

The merger trend had an impact on the industry's statistics compiled by *DSN*. Best's figures, for example, include volume from Modern Merchandising and Basco from the dates of those acquisitions, and provide for the subsequent closing of eight Bascos. Service Merchandise's results include those of Sam Solomon since its acquisition, while the H. J. Wilson results include those of Standard Sales, since that acquisition, and provisions for the subsequent closing of four Standard stores.

The industry's statistics, however, don't tell the entire story of the growth and changes under way among cata-

(Continued on page 33)

The catalog showroom industry's sharper focus on jewelry as a key step in improving profits is illustrated in the section's upfront position in revamped Best Products store in Mesquite, Tex. *(DSN photo)*

Chain (Hq. and coordinator)	Showroom $ sales (millions) Estimated current fiscal year	Showroom $ sales (millions) Last completed fiscal year	$ Net profit (millions) last fiscal year	Showrooms As of Jan. 1 1983	Showrooms As of July 1 1983	Showrooms As of Dec. 31 1983	Showrooms To Be opened in 1984
Best Products (Va.) (Independent)	2,250.0	1,581.7	28.8	189	190	197	10
Service Merchandise (Tenn.) (Independent)	1,425.0	1,195.3	31.6	139	145	155	15
H. J. Wilson (La.) (Independent)	525.0	458.2	5.6	75	75	78	5
Consumers Distributing (N.J.) (Independent)	360.0	309.0	3.8*	110	113	140	20
Carlson Cos. (Iowa) (Creative)	330.0	320.0	N.A.	71	68	67	0
Gordon Jewelry (Tex.) (Independent)	155.0	142.0	(16.3)	48	49	50	3
W. Bell (Md.) (Independent)	130.0	134.6	1.4	18	18	18	2
Jewelcor (Pa.) (Jewelcor)	125.0	127.0	N.A.	24	24	25	1
L. Luria & Sons (Fla.) (Independent)	150.0	123.8	5.5	26	26	30	3
McDade & Co. (Ill.) (MAI)	97.0	94.0	N.A.	7	7	7	1
O. G. Wilson (Tex.) (Independent)	65.0	62.0	N.A.	15	15	15	0
Brendles (N.C.) (MAI)	80.0	72.0	N.A.	18	18	20	2
Sterling Jewelry (Tex.) (Paul Schultz)	78.0	75.0	N.A.	5	5	5	0
Ellman's (Ga.) (Independent)	75.0	69.1	0.9	7	7	7	1
David Weis (Pa.) (Independent)	70.0	64.0	N.A.	10	11	11	2
O. G. Wilson (Tex.) (Independent)	65.0	62.0	N.A.	15	15	15	2
K's Merch. Mart (Ill.) (Creative)	58.8	55.0	N.A.	6	6	7	0
E. H. Tepe (Ind.) (Creative)	47.0	45.0	N.A.	9	9	9	1
Dahlkemper's (Pa.) (Creative)	40.0	37.0	N.A.	6	6	6	1
Evans (Md.) (MAI)	34.0	30.0	N.A.	4	4	4	1
Goldbro (Ala.) (Charter)	33.0	30.0	N.A.	5	6	6	0
Alexander's (S.C.) (Charter)	31.0	28.0	N.A.	5	5	5	1

(Continued on page 33)

Easy come...
TDK Quality Recording Tapes
TDK Super Avilyn Video Cassettes
BUY TWO AND SAVE
TDK QUALITY AUDIO CASSETTES WITH LIFETIME WARRANTY
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(Continued from page 32)

Chain (Hq. and coordinator)	Showroom $ sales (millions) Estimated current fiscal year	Showroom $ sales (millions) Last completed fiscal year	$ Net profit (millions) last fiscal year	Showrooms As of Jan. 1 1983	Showrooms As of July 1 1983	Showrooms As of Dec. 31 1983	Showrooms To Be opened in 1984
Fred Gattas (Tenn.) (MAI)	27.0	25.0	N.A.	6	7	7	1
Jewel Mart (Ohio) (Paul Schultz)	26.0	24.0	N.A.	4	4	4	0
Towers (N.J.) (Creative)	26.0	24.0	N.A.	6	6	6	0
Wilcor (Fla.) (MAI)	26.0	25.0	N.A.	4	4	4	0
Key Distributors (Ga.) (Creative)	25.5	24.0	N.A.	8	8	9	1
Boardman's (N.Y.) (Independent)	25.0	24.0	N.A.	13	13	13	0
A. J. Foland (Mich.) (American)	25.0	22.0	N.A.	6	6	6	0
R & R (Mass.) (American)	25.0	23.0	N.A.	7	7	8	1
Hartman (Calif.) (Independent)	24.0	22.0	N.A.	10	11	13	2
Present Co. (N.Y.) (MAI)	24.0	22.0	N.A.	9	9	9	1
Witmark (Mich.) (Mutual)	24.0	22.0	N.A.	5	5	6	2
Brand Names (N.Y.) (Independent)	23.0	21.5	N.A.	12	13	13	0
Segall & Son (Ga.) (American)	22.0	20.0	N.A.	5	5	5	2
Masters Merch Mart (Fla.) (Jewelcor)	20.0	17.5	(2.4)	26	26	26	0
Arthur's (N.J.) (MAI)	18.0	16.0	N.A.	4	5	5	0
Value House (N.M.) (Paul Schultz)	18.0	16.0	N.A.	5	5	5	1
Wes Freedman (Pa.) (Charter)	16.0	15.0	N.A.	5	5	5	0
Murrays Jewelers (Ill.) (MAI)	16.0	15.0	N.A.	2	2	2	0
Wilbro (Ala.) (Charter)	16.0	15.0	N.A.	4	4	5	1
Paysaver (Mass.) (Jewelcor)	15.0	13.1	0.037	4	4	4	1
Rosenbaums (N.Y.) (Paul Schultz)	15.0	14.0	N.A.	4	4	4	0
Standard Distributors (Ala.) (Creative)	15.0	15.0	N.A.	2	2	2	0
Top Brands (Mo.) (Paul Schultz)	15.0	15.0	N.A.	3	3	3	0

*(Some figures are DSN estimates). ( )—Loss. N.A.—Not available *Operating profit*

Best Leads Catalogers in Volume

(Continued from page 32)

logers. Volume from coordinator operations that are owned by catalogers, for example, aren't included; Best's results don't include those of Creative Merchandising, while the Jewelcor figures are just for the Jewelcor and Edison chains and exclude Jewelcor Merchandising results.

Creative Merchandising is due to be acquired this fall by Carlson Companies, which is the parent of the Ardan and MacDonald chains. Carlson's figures are just for those two catalogers, with nine MacDonald showrooms renamed Ardan this month.

The chart lists Consumers Distributing's projected addition of 30 showrooms. The Edison, N.J.-based arm of the Canadian firm is carrying out a major expansion due to the strong results from a number of merchandising changes being phased in at the chain, especially a greater focus on higher-profit jewelry. (CD's results are in Canadian dollars, as reported by its parent.)

CD isn't the only cataloger that is making a greater commitment to jewelry. Service Merchandise, for example, now locates the department in an up-front position in its showrooms and has even launched Zimm's as a guild jewelry operation.

Best and David Weis are other catalogers that now spot jewelry at the front of their new showrooms for greater customer exposure and to highlight each chain's support for this merchandise.

Best has also set sail a number of jewelry-oriented stores. Best Jewelry, a jewelry and giftware store, has already been opened and three more are due. A scaled-down Best that displays jewelry and giftware but also warehouses other catalog merchandise for immediate customer pickup is set to open this fall.

The jewelry program under way at the industry's leading chain also saw four Dallas-Fort Worth area showrooms remodeled, with the jewelry section getting a major face-lifting and repositioning at the front of the showrooms.

Catalogers are also probing soft goods, with the main emphasis on domestics. The gamut of showrooms showing this merchandise includes Best, Service Merchandise, McDade, Ardan and H. J. Wilson, with other catalogers considering adding this category.

Selective soundings of apparel are also under way among some catalogers. David Weis, for example, has the company-run ladies' apparel section as a not-in-catalog department in its showrooms.

But, the more traditional apparel approach is the mass display of sporting goods clothing, with many catalogers even showing goods in their book. Dahlkemper, on the cutting edge of this trend, has refocused sporting goods apparel as leisure wear and expanded the assortment in its new Erie, Pa., store.

Dahlkemper's apparel effort includes an augmented offering of juvenile apparel as part of an upgrading of the entire juvenile department. Similar moves are under way at other catalogers as they go after a clothing market that has been downplayed for the most part by conventional department stores and discounters.

Besides filling the market void, juvenile apparel appeals to catalogers because it comprises basic merchandise where fashion trends aren't as important as in adult clothing. This means fewer markdowns and less need to continually change the assortment in response to design and color trends.

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Top 20 Discount Specialty Chains

Chain	Volume (millions) '82	Volume (millions) Projected For '83*	Store Count 12/'82	Store Count 12/'83
1. Radio Shack (Forth Worth)	$2,033	$2,440	6,503	6,742[a]
2. Toys "R" Us (Rochelle Park, N.J.)	1,000	1,200	142	169
3. Marshalls (Woburn, Mass.)	830	1,085	136	175
4. Western Auto (Kansas City, Mo.)	600	660	3,200	2,781
5. T. J. Maxx (Framingham, Mass.)	350	440	84	116
6. Loehmann's (New York)	260*	285	56	68
7. Child World (Avon, Mass.)	283	323	79	90
8. Pep Boys (Philadelphia)	257*	283	111	110
9. Oshman's (Houston)	247	285	166	191
10. Circuit City/Lafayette (Richmond)	240	259	51	49
11. Kay-Bee (Lee, Mass.)	183	219	350	418
12. Lionel Leisure (Philadelphia)	180	134	75	56
13. Hit or Miss (Framingham, Mass.)	174	235	269	342
14. Grand Auto (Oakland, Calif.)	122	131	79	87
15. Sunset Sports (Salt Lake City)	110*	125	42	48
16. J. Brannam (New York)	85	94	39	44
17. CMC Stereo (St. Louis)	70	77	55	56
18. Circus World (Taylor, Mich.)	67	80	141	142
19. Whitlock Auto (White Plains, N.Y.)	65	72	75	80
20. Schaack Electronics (St. Paul, Minn.)	65	72	60	60

*DSN estimate.

[a] Includes Radio Shack computer stores and franchised operations.

Off-price Garb Seen Top Growth Area

Nationwide DSN Report

Specialty chains, now registering a *DSN*-estimated $21 billion in annual volume, are gaining in power on the retail front.

DSN's list of the top 20 discount specialty chains, ranked by volume, gives a clear indication of who the leaders are in the emerging hot markets.

The most growth is expected from the off-price apparel segment business, now estimated at $5 billion. Much of the action there is being claimed by full-line discounters who are eager for a portion of the volume. K mart most recently joined the off-price apparel ring with its Designer Depots. Dayton Hudson unveiled its Plums store in San Diego earlier this year.

Zayre's two players in the apparel field, T. J. Maxx and Hit or Miss, both earned spots on the top 20 list and are both still expanding in store counts.

The top achievers in the specialty discount store field share more than the highest volumes in their respective categories. They are all committed to making changes as fast as their markets dictate.

Marshalls, the top-volume chain within the growing off-price apparel industry (No. 3 on the chart), is projected to have sales of over $1 billion for 1983. Shown is New Orleans store. *(DSN photo)*

Radio Shack, though not a traditional brand name discounter, is a high-volume, low-margin store, which has established a strong position as a source of personal computers, small electronics and most recently, telephones.

Toys "R" Us, No. 2 on the chart, built its following on a more traditional quality-brands-at-a-discount approach. Last year volume for the toy supermarket chain passed the $1 billion mark, averaging $7 million per store. Last year's 33% gain in sales resulted from an aggressive 24-store expansion plan plus a hard-hitting merchandising thrust into the highly volatile electronics field.

At the close of 1983 Toys "R" Us will be positioned for continued growth with stores in 37 states.

Marshalls, ranked No. 3, is the top performer in the burgeoning off-price apparel market. Faced with some strong competition from T. J. Maxx, Hit or Miss and J. Brannam in some markets, the chain recently took more upscale steps to distinguish itself from the piperack pack.

Western Auto, though shrinking in number of stores and slowing in volume gains, ranked fourth on the chart as the top auto parts retailer.

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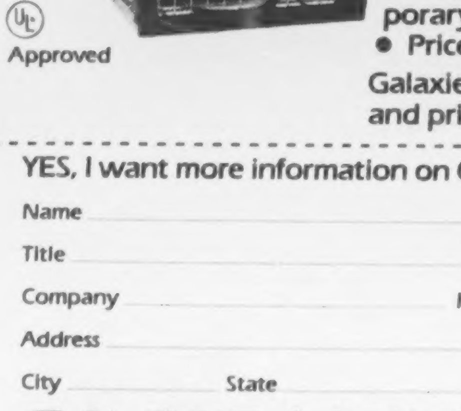

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K mart, Back on the Track, Is Expected to Hit $18B

TROY, Mich.—K mart seems to have been re-routed onto the right retail track, and the industry's leading discounter is set to power its way to new record sales and earnings.

The merchandising and operational changes put in place—ranging from a strengthened fashion apparel effort to installation of updated computer controls—are expected to boost company-owned volume in its United States and Canadian discount stores to at least $17.9 billion, according to a *DSN* projection, up from $16.2 billion.

Overall, K mart Corp. sales are projected to total at least $18.6 billion, up from $16.8 billion, as the improved discount store operation, including 60 new K marts, is joined by more than 30 new Designer Depot family apparel stores, 28 Furr's Cafeterias and the continuing variety store division.

The bottom-line impact of the turnabout in the chain's fortunes can be gauged by the first-half results in which net income jumped 144.1% on an 11.1% sales gain.

The K mart corporate and discount store sales don't include volume from Meldisco shoe departments which had $759.3 million in sales last year and are projected to hit at least $835 million this year.

K mart owns 49% of Meldisco (which has all of its sales in the discount chain), while diversified Melville Corp. has a 51% interest.

Sales Up

Sales in the discount stores, with the addition of Meldisco's volume, are expected to hit $18.7 billion, up from a total of $16.9 billion in 1982.

The moves that have channeled K mart back to its earlier performance level include:

- Augmented fashion apparel merchandising. The main element is the extension of the Names for Less section, which features branded ladies', men's and children's wear, to more than 500 K marts, along with the feeding in of such merchandise into other stores. Name-brand clothing is highlighted in ads to draw shoppers.

Beyond this, K mart has started to develop its own "name" private label program to gain more profits from fashion apparel. This effort, which mirrors similar moves made by traditional department stores, uses Hunter's Glen as the brand for ladies' wear, Hunter's Ridge for men's and Steeplechase for boys' as the upscale names while continuing with older brands such as Challenger.

- Inauguration of fashion merchandising for basic hard lines. Kitchen Korner is the name used for this fashion merchandising program in housewares in which name-brand and gift-oriented electrics and nonelectrics are displayed under a 144-sq.-ft. red canopy on a chrome, high-tech fixture within the housewares department.

The Kitchen Korner area was first tested in 27 K marts in 1982 and is due to go into about 300 stores this year.

A Bed and Bath Shop that coordinates bath items with domestics is another illustration of K mart's infusion of fashion into nonapparel categories. This section is due to be phased into 300 stores this year.

- Tieing into hot merchandising areas. Consumer electronics, sparked by the growth in home computers and telephones, is one area that K mart is emphasizing through its Home Electronic Center; this department is due to be plugged into several hundred K marts.

Home improvement centers for DIYers is the other hot merchandise area being hammered by K mart; 5,000-sq.-ft. sections will be planted in 40 stores to start, with up to 500 centers the long-range goal. The center's focus is on name-brand hardware and home improvement goods like bathroom vanities, floor tiles, water heaters and kitchen cabinets.

A customer service center and vignettes are part of the new merchandising plan for the section.

- Branching into new discounting retail businesses. The prime example of this is Designer Depot off-price apparel specialty stores. First tested in a recycled Kresge variety store in St. Clair Shores, Mich., during the 1982 Christmas season, this venture is now set to unveil more than 30 new stores this year. This operation is under the direct control of the company's wholly owned K mart Apparel subsidiary, and the discounter has also connected with Fashion House, a Warwick, R.I.-based jobber, to insure the availability of name brands for Designer Depot.

K mart's other retailing test—Abra K Dabra food-and-fun restaurants—is on hold after two experimental units failed to perform as expected.

Furr's Cafeteria, instead, will get the restaurant focus, with 28 new stores spotted mostly in the Southwest and California.

The bottom line on the various steps under way at K mart is that the company is looking to improve its current operations by upgrading and refurbishing older stores and feeding in the newest merchandising and operational techniques.

The operational moves made by K mart include the planned test this fall of an all-electronic-controlled store which will include the complete computer capture of sales information at the checkout.

The discounter has already put into place its K mart Information Network (KIN) which electronically links all stores, 12 distribution centers and headquarters a year ahead of plan. A Scanner Ordering System that uses UPC codes has also been installed in all discount stores.

K mart's growth is being accompanied by a sharp cutback in the opening of new discount stores; only 70 are due this year, compared with an average of more than 100 during the 1970's, and the discount division's net growth will be only 53 units as 17 K marts are marked to close—the largest number in the company's history.

The discounter projects ending 1983 with 2,187 units that will maintain the chain's presence in 48 of the 50 states (plus Puerto Rico) and in 305 of the nation's 318 Standard Metropolitan Statistical Areas. (The discounter also has stores in all provinces in Canada.)

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Bradlees Is Seen Joining $1 Billion Club in '83

BRAINTREE, Mass.—Bradlees is poised to join a select club this year—discounters with at least $1 billion in sales.

The discount store arm of the Stop & Shop Companies retailing complex will check out at least $1,003 million in sales this year, according to a *DSN* projection, as it adds 21 stores to its count of 106 at the start of 1983.

Adding It Up

In reaching this sales level, the discounter will have almost doubled its volume in four years (from $540.1 million in 1980) while only increasing its store network 53% (from 83 units).

This accomplishment has been quietly carried out in the highly competitive Northeast, Middle Atlantic States and Chesapeake Bay Tidewater areas, a 12-state (and Washington, D.C.) market stretching from the Canadian border south to Virginia in which at least five major discounters have gone under during the same four years.

Bradlees, in fact, has been a leading beneficiary of the shutting down of these five discounters; its store growth in the past two years of 37 units has mainly involved the recycling of closed discount stores.

The dominant portion of this year's growth involves the 13 Memco recyclings (and one site on which a Memco was planned) as Bradlees' vehicle into two new markets—the Greater Washington Area (11 units) and suburban Baltimore (two units)—plus the strengthening of the discounter's presence in the Tidewater area with its third store in Richmond.

The only openings left for the year are in Burke, Va., in the Washington area; Catonsville and Dundalk, Md., in suburban Baltimore and a brand new store in Cromwell, Conn.

Bradlees has recycled other closed discount stores this year: a former Two Guys in East Hanover, N.J.; an ex-Korvettes in East Brunswick, N.J.; a closed King's in Guilford, Conn., and former Woolcos in Richmond and Virginia Beach, Va., and Nashua, N.H.

Last year, Bradlees recycled 11 ex-Two Guys in New Jersey and other shut discount stores accounted for the remaining five units.

Decreased Competition

The reduced discounter competition in the market area served by Bradlees has aided the chain and the other surviving discounters such as Caldor, Zayre and K mart (the latter two already in the $ Billion Club).

But, Bradlees hasn't relied on just this negative factor for its entry into the $ Billion Club. It has made a number of positive merchandising moves that have effectively positioned the chain as perhaps the leading exponent of the upscale discount format—a combination of name brands, fashion presentation of goods and pricing of similar goods below that of conventional department stores.

These steps include:

- Deep merchandising of apparel. Ladies' and men's apparel sales accounting for more than half of the chain's volume (with all soft goods totaling about 60%), testifying to Bradlees' commitment to wearables.

The chain's efforts include continued feeding in of name brands, the extensive use of department store-type displayers, offering of plus-sizes for women and suit-separates for men—apparel areas passed up by most discounters—and tieing into the latest trends such as the use of "Flashdressing" as a handle for junior apparel.

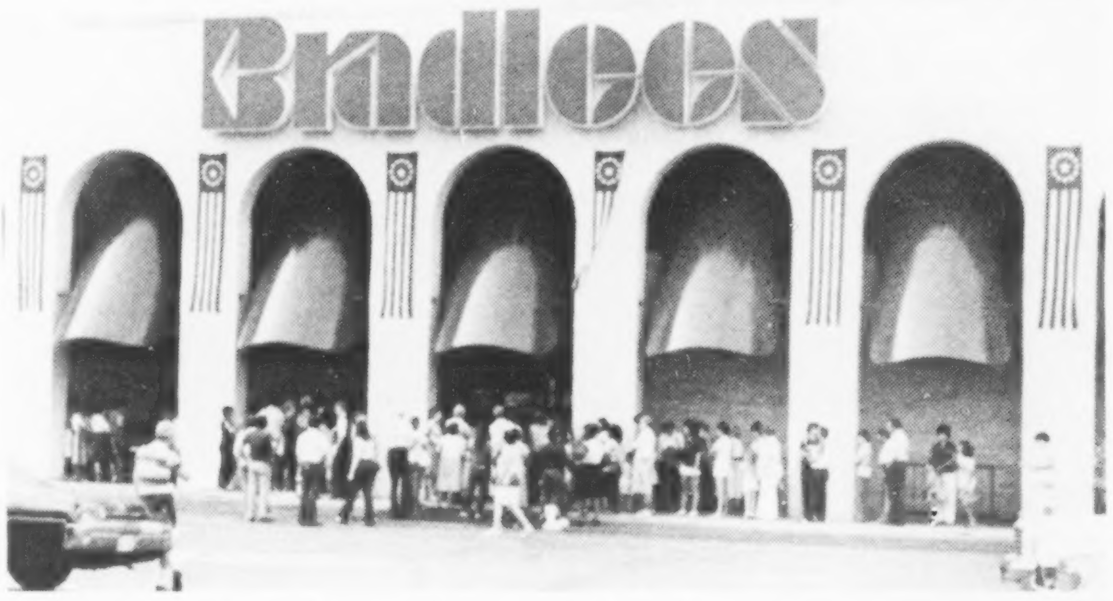
- Development of the home shop concept. This move has seen Bradlees group together all home-oriented hard goods like housewares and soft goods like domestics. But the idea of grouping has been refined so that the various merchandise areas are shown in department store-type shops for a greater emphasis on fashion and coordination of designs.

The shopification has resulted in highly focused areas for a specific category such as the Chain Shop and the Window Ways Shop. It has also led to broader shops like The Living Shop, a lifestyle concept area that featured KD/casual furniture, decorative accessories, area rugs and decorative pillows and acts as a bridge between housewares and domestics within the overall home shop presentation.

- Offering of specialty and service departments. The unveiling of 10 Washington, D.C., area Bradlees marked the debut of the discounter's book department carrying the well-known Barnes & Noble logo. Bradlees uses Barnes & Noble as its book resource and plays up the specialty book store chain's name to strengthen its position as a bookseller.

The Washington stores also included Bradlees' first beauty salons. These 700-sq.-ft. Hair Pro shops are leased departments and further denote the discounter's plan of emulating conventional department stores in merchandising and customer services.

The desire to be similar to department stores has also resulted in the use of a service core in the consumer electronics section from which salesclerks can assist shoppers. The revamped consumer electronics department now includes a sound wall and marks Bradlees' re-entrance into the home computer business after a five-month hiatus devoid of that merchandise.



The invasion of the Washington and Baltimore markets leaves only one major East Coast area devoid of Bradlees stores. That's the Greater Philadelphia/Wilmington, Del., market, and company executives said there aren't any current plans to move there.

Any further chain expansion against other upscale discounters probably has to await the determination of the success of the moves into Washington and Baltimore. The discounter expects to recoup $100 million in sales from these two markets after spending about the same amount to refurbish 13 ex-Memcos and constructing one store on a proposed Memco site in Burke, Va.

The tipoff on Bradlees' long-range plans, however, is evident. The discounter this summer opened a 400,000-sq.-ft. distribution facility in the former Knickerbocker Toy warehouse in the Raritan Industrial Park in Edison, N.J., to serve its growth outside of the New England home base.

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Wal-Mart Projects 90 Openings, $4.3B Sales in '83

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BENTONVILLE, Ark.—Sam Walton has his eye on 1,200 stores and $13 billion in sales by 1988. What's more, his near-evangelical zeal in setting—and then meeting—such goals has made believers out of Wal-Mart's employees and stockholders.

More immediately, the chain is shooting for sales of $4.3 billion this fiscal year—a $1.1 billion increase—with 90 store openings, bringing Wal-Mart to 620 stores . . . all without a major push away from its existing markets.

Such giant steps in growth have become a hallmark in Wal-Mart's operation. In the past 10 years, the chain has grown from $125 million in sales, to 551 stores with $3.4 billion in sales the last fiscal year.

Credit for the company's early growth spurt was laid to Walton's charismatic leadership. But, as the chain developed into a major retailing force, the magnifying glass under which it came revealed that the lion's share belonged to its painstaking attention to detail and merchandise productivity.

That kind of attention has Wal-Mart executives aiming to boost sales per square foot from about $140 to $200.

The increase is to be achieved through a "merchandise intensification" program—that is, a focus on specific items that will yield high-ticket prices. That program is already being implemented in several categories including maternity and plus-size apparel, electronics, paint, microwave ovens and accessories and an elementary education reading center.

For example, the focus on microwave ovens has yielded a new program involving extensive cross merchandising of the ovens, cookware and accessories.

The purpose: to win the big-ticket, low-margin sale on ovens while pushing add-ons of higher-margin goods.

The initial results have been encouraging, company executives report, with sales rising substantially higher than the $200 per-square-foot goal.

The higher price points haven't stopped there, either.

High-end Item

At some stores, Wal-Mart is selling satellite dish TV receivers—with prices topping the $2,000 mark.

Also in electronics, video cassette recorders have established a powerful presence—with price points nearly touching $1,000 per unit.

The strategy, as it applies to electronics, is to position Wal-Mart as the regional leader in CE, thereby increasing its ability to draw traffic.

Throughout virtually all departments, the growing emphasis has been on branded products.

Store growth and stricter inventory controls have also emerged as paramount in the Wal-Mart strategy.

Although the chain's concentration has been in existing trading areas, it has entered, if only on a limited basis, some new markets, including Oklahoma City, where two stores currently operate.

Additionally, its spinoff operation, Sam's Wholesale Club, is also beginning to grow, following a several-month-long shakedown period. The first warehouse unit has been operating in Oklahoma City; two additional units will open next month in Kansas City and Dallas.

No Change Planned

Unlike other large chains, Wal-Mart has no plans for a major commitment to point-of-sale technology. The chain does utilize a limited-application POS system tied to UPC scanners in 12 of its stores.

There its prime function has been to increase front-end productivity with added controls on shrinkage.

The results have been encouraging, company executives said. "Put-through" time has been cut dramatically by the system's 50% to 75% scan rate.

But, a very slow expansion of the program is planned—and then only for the chain's larger stores.

In the last fiscal year, Wal-Mart earned $124 million in net profit. When announced at the chain's annual meeting this year, that news combined with plans for a 2-for-1 stock split and future sales goals, sent Wal-Mart stock jumping 12 points over the next several days.

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T.G. & Y. Refurbishes in Five-Year Turnaround Plan

TG&Y
Family Center

OKLAHOMA CITY—T.G. & Y. is attempting to regain its financial health by losing weight and tightening up.

But, the five-year prescription written by acting president and ceo Larry Del Santo may contain some tough pills to swallow, especially for a patient set in its ways.

The first dose has already been administered, resulting in several reshufflings of the executive suite in 1983, along with tighter inventory controls and a store remodeling plan.

The five-year plan was pieced together by Del Santo shortly after his arrival from parent company Household International, which was responding to heavy 1982 losses at the chain.

Still in the early stages of the turnaround effort, the company projects a flat 3.5% volume gain for 1983, to bring its sales to nearly $2.2 billion.

Results should improve markedly, if Del Santo is successful. His projections call for T.G. & Y. to reach $3.3 billion in sales by 1988, an average 11.4% annual gain.

In order to reach that point—an admittedly modest one by industry standards—the chain will spend $118 million in capital to be spread among the refurbishing of the Family Centers, a new POS/MIS system and an upgrading of its warehousing and distribution system.

Additionally, a combined store opening and closing schedule will result in a net reduction of units—including variety stores—from 901 at the beginning of 1983 to 755 at the end of 1988. Earlier this year, the chain's closing of several units in Louisville, Ky., effectively resulted in its withdrawal from that market. Del Santo indicated there would be other markets lost during the restructuring effort.

A Step Forward

The store remodeling program, which got under way last April, should bring T.G. & Y. to within shouting distance of current industry practices: a race track has been introduced, merchandise is being moderately upgraded and has been planogrammed for the first time and store fixturing and layout have made upscale strides.

The chain's more successful AIM for the best Stores served as the "laboratory" for many of the Family Center changes, Del Santo said.

Many of the changes are cosmetic.

A new logo is in use, featuring slanted letters, "to suggest forward motion," Del Santo said. New, more modern looking store fronts have also been designed.

Inside, gondolas and other fixtures are higher and sleeker, and carpeting has been added to several departments. There is also a greater emphasis on the presentation being tight and clean.

For example, in one prototype store the number of feature bins with special purchase merchandise has been reduced by two-thirds, to just 42 tables running through the race track and drive aisles. The bins themselves have been replaced by modular tables.

New Strategy

The store layout has also been altered, with greater attention now paid to apparel, garden centers and live plants. Also, to capitalize on the fashion impact of the stores, the jewelry department has been moved to the area adjacent to the front doors.

Store managers and headquarters executives are also being held to new standards of accountability through their bonuses and other personnel programs designed to evaluate their effectiveness and productivity.

To date, the changes have already produced measurable improvements in sales and customer counts, Del Santo said.

A pivotal issue in the restructuring has been the recognition that T.G. & Y. is actually in three separate and distinct businesses: its Family Centers, variety stores and AIM for the best Stores.

Over time, the chain is calculating that acknowledgement will result in more noticeable differences in merchandise mix and approach, Del Santo said.

While he insisted the company plans to remain in the variety store business, Del Santo said growth in that segment of the business would be limited.

Chameleonaire.

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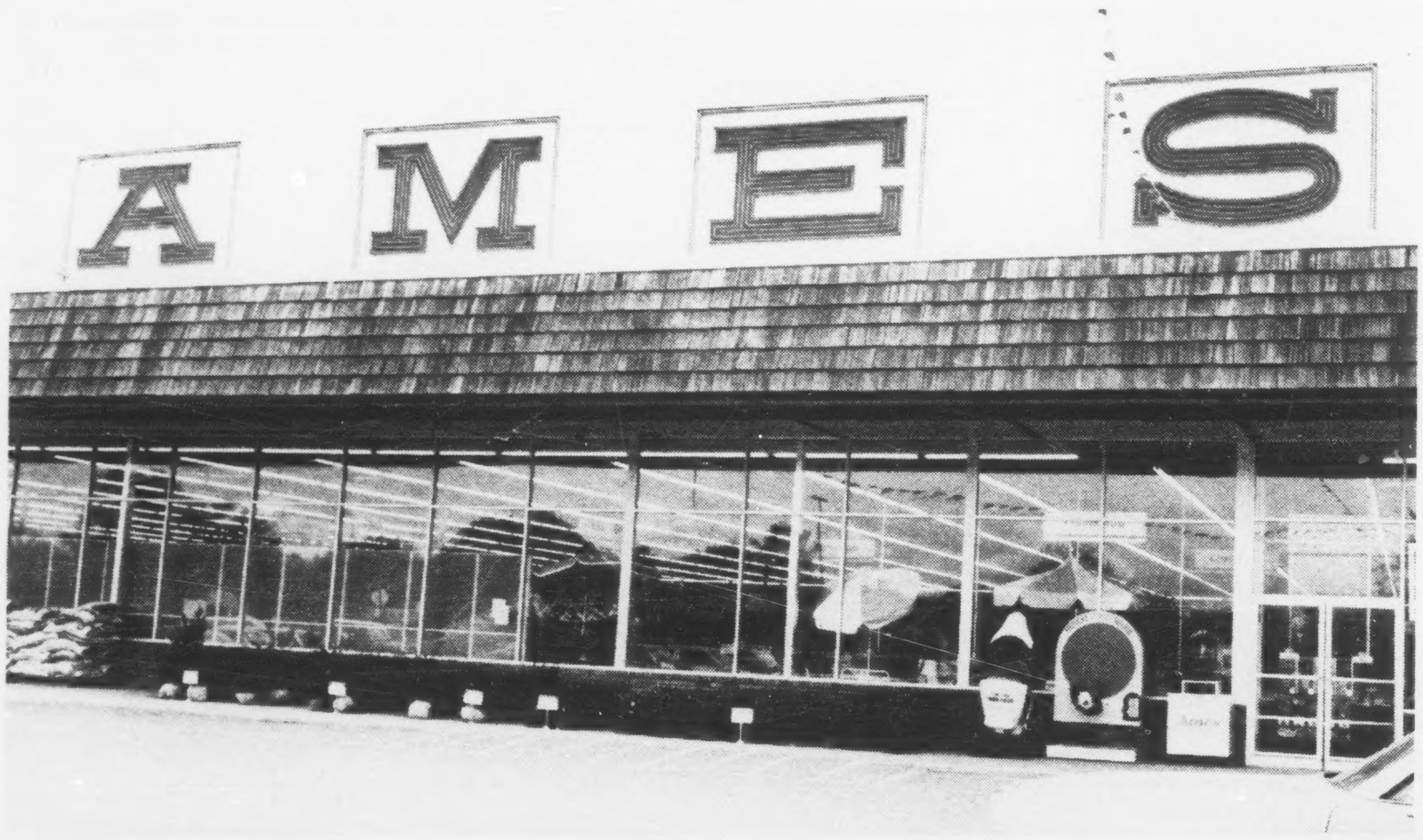
Pending King's Buy to Lift Ames' Sales to $580 Million



ROCKY HILL, Conn.—Ames is seeking to fly even higher with its impending King's acquisition.

The definitive legal form of the takeover—either a merger or a purchase—depends on negotiations being carried out by Kings' parent, KDT industries, and its creditors, stockholders and the Federal Bankruptcy Court.

Ames prefers the merger route, but if KDT can't deliver on its part of the proposed deal, Ames has a fallback agreement under which it would purchase the 42 King's.

Meanwhile, Ames has a management contract to operate the stores and has been running about half of them for the past five months. It expected to have the remainder reopened by the end of the month.

Company president Herbert Gilman said the 42 stores are expected to add a minimum of $160 million to Ames' sales during their first full year of operation.

Ames will only gain about half of this volume in its current fiscal year; however, those dollars, along with sales from eight new stores and the company's 20%-plus volume gains of the past few years are projected to boost discount store revenues to $580,300,000 for the year ending in January 1984.

This sales level for the discount stores would be a 49% jump from the $388,392,000 reported for the last fiscal year, which ended Jan. 29.

Discount store sales in that year accounted for almost 91.9% of total company volume of $422,806,000. Wholesale operations accounted for $34,414,000 or 8.1%.

Discount store operations have been improved by such moves as:

- Store remodelings. This effort was launched in 1981, when three units were refurbished. It picked up steam last year with 10 full remodelings and the remake of apparel sections in three other stores. This year eight Ames were remodeled during the first quarter as the discounter prepared for the updating of the acquired King's.

Gilman said that it cost $300,000 to $400,000 to remake an Ames, and the additional inventory put into the stores ranged from $150,000 to $250,000. "We have constantly seen sales increases in the range of 20% to 30% in the stores which we have remodeled," he said.

- New distribution center. Earlier this year Ames moves its distribution operations from an 87,000-sq.-ft. facility in Jersey City, N.J., to the former 300,000-sq.-ft. Woolco distribution center in Secaucus, N.J., which is now handling about 37% of the chain's merchandise. The discounter projects spending about $750,000 this year and $4,000,000 to $6,000,000 next year to upgrade the facility's equipment.
- Expanded and refined use of electronic point-of-sale (EPOS) equipment. Currently, 110 Ames have EPOS equipment and the discounter plans to have these electronic registers chainwide by the end of the year.

Keeping Pace

Refinements include adding an automatic price lookup capability for sale merchandise to avoid the labor and time cost of reticketing the approximately 600 items overall Ames features in about two dozen flyers.

Gilman noted that Ames ran a test to capture zip code information using EPOS. This program, instituted chainwide, will enable the discounter to develop sales information by zip code area to "pinpoint our advertising in developing demographic information for future use," he said.

- Adjusted prices. An item intensification program involving 35 to 40 products was launched in which these hard and soft line products were featured at sharp prices to reaffirm Ames' discount image in the face of competition.
- Direct imports. The discounter last year started a direct import program. While this was done "in a small way," Gilman noted that "we believe that a well-managed import program offers us considerable potential for profit enhancement."

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Target to Fill in West Coast and Sunbelt Markets in '84

MINNEAPOLIS—Target will pause to catch its breath next year.

The industry's third largest chain will slow down its fast-paced expansion plans in '84 to fill in West Coast and Sunbelt markets that the discounter entered this year with the opening of 39 new stores.

The discounter's No. 1 priority, chain executives said, is to strengthen the Target presence in its just-opened markets, rather than to move into new areas.

The West Coast expansion has put a temporary "strain" on the Target organization, the executives added. The merchandising and operational needs of the southern California stores have to be integrated into the total operation.

The Background

The discounter expects to follow the same growth pattern that resulted from its 1980 acquisition of 40 Ayr-Way stores. That takeover turned out to be a bigger than anticipated problem—the remade Ayr-Ways aren't expected to meet their five-year sales goal—and Target slowed down its expansion while it digested that acquisition.

When Target again opens the throttle on its growth, the new stores are likely to be in markets in and adjacent to the 21 states where the discounter has units, rather than making a major leap into Southeast and East Coast states that are already home to such similarly upscale discounters as Caldor, Bradlees and Richway.

Target's parent, Dayton Hudson, is interested in using the fashion-oriented discounter as its mass merchandising vehicle in markets that don't have a similar retailer, rather than having to try to cut out a market share in areas already served by upscale discounters.

The move into the relatively untapped West Coast will push Target's store count to 206 units by year's end. The growth from 167 stores in 1982 centers on the discounter's massive thrust into southern California through the recycling of 29 former FedMarts.

Long-range growth plans call for unveiling at least five dozen stores in the 1984-87 period, with another 100 to 150 during the subsequent five years.

Besides entering the southern California market for the first time this year with 21 stores in the Greater Los Angeles area and eight in San Diego, Target also debuted in San Antonio (six stores), Tucson (two) and Greeley, Colo. (one).

The move into southern California was made, chain executives said, because of a paucity of upscale discounters there, along with the generally weakened discounter presence caused by the closings of FedMart and Woolco and the Chapter XI filing by Zodys' parent, HRT Industries.

The tremendous opportunity foreseen for southern California could result in Target opening three to five new stores in Los Angeles to eventually hit 40 to 45 units.

The immediate results of the move, however, haven't completely met expectations. Dayton Hudson president Kenneth Macke, who had been Target's president at one time, said at the company's annual meeting that "We're not fully satisfied with the performance of those California stores, but we're confident about the opportunities that exist there."

Target sources said that the Los Angeles stores have been performing better than the San Diego units. Trade reports indicate that sales in both markets have been hurt by a boycott by unions that had represented FedMart workers.

The 39 new stores, most of which will have been open for at least six months by the start of the key fourth-quarter sales period, are expected to push Target volume to close to a *DSN*-projected $2.8 billion for the current fiscal year, up more than 16% from the $2,412,400,000 reported for the last year.

The discounter's operating profit for the fiscal year ended Jan. 29 was $150,100,000.

The discounter last year accounted for 43% of the parent company's total of $5.7 billion in sales, the largest of Dayton Hudson's retail segments. Its operating profit accounted for 33% of the $459,900,000 reported by Dayton Hudson.

Target isn't just banking on new stores to spark its sales and income growth. The discounter has also undertaken a number of new merchandising pro-

(Continued on page 121)

Invasion Of S. Calif. Was Dear

LOS ANGELES—Target's entry into the southern California market didn't come cheaply.

The discounter took over 21 former FedMarts in Los Angeles and another eight in San Diego as its initial thrust into the West Coast. (Another four were acquired in Texas and Arizona.)

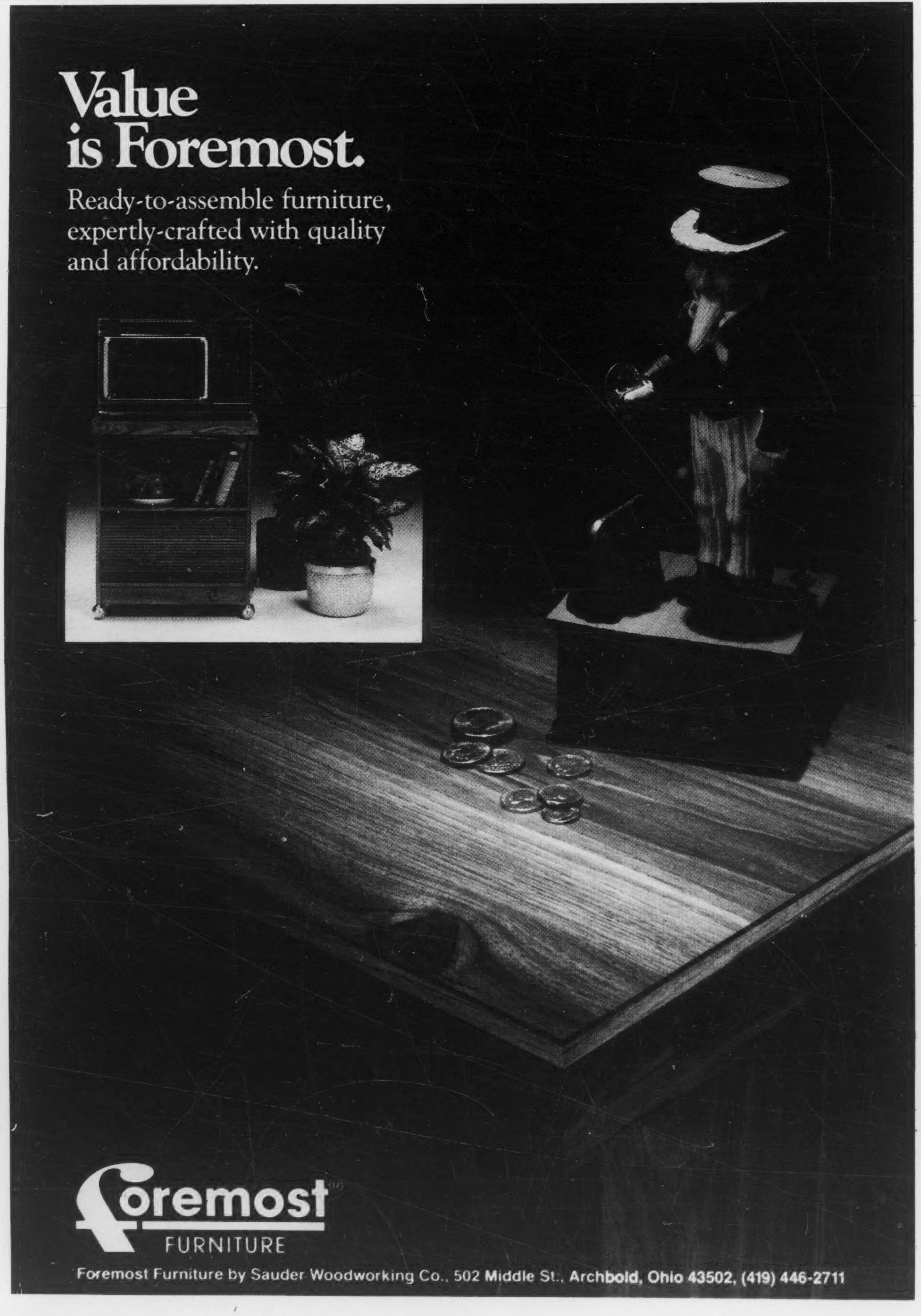
While the rental costs for these 33 stores weren't listed in the annual report issued by Target's parent, Dayton Hudson, $16,300,000 in start-up costs for the discounter were noted.

The annual report stated, "In 1982, Target's start-up expenses rose due to the conversion of 33 discount stores for which Target acquired leases during the year."

The discounter's start-up expense in 1981 was $12,600,000, which covered the remodeling of 40 acquired Ayr-Ways.

The report went on to note, "Because we have been incurring rent and start-up expenses [for the 33 Targets] while the stores were closed for remodeling, they had a negative impact on our 1982 earnings of 16¢ per share."

That works out to $7,697,600 in expenses before Target checked out its first sale and made its first dollar in those 33 stores.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Zayre, Gaining 9 Stores, to Pass $1.75 Billion Mark

FRAMINGHAM, Mass.—Zayre is continuing its measured growth, which will see the discount operation this year gain nine more stores and pass the $1.75 billion sales mark.

The nine stores are the net gain from the opening of about 15 units and the shutting of six older Zayres, to give the chain 272 stores at year's end. The discounter is concentrating its expansion in markets such as Chicago and Miami where it has a strong inner-city position.

DSN projects Zayre's discount store sales will go to $1.778 billion this year as compared to $1.616 billion last year. The discount operation accounts for the dominant portion of parent Zayre Corp.'s total volume.

Total corporate sales of $2.2 billion last year are expected to go to about $2.5 billion this year as Zayre maintains its strong off-price specialty store expansion commitment. About 30 T. J. Maxx family apparel stores and double that number of Hit or Miss women's apparel outlets are planned for this year.

Strengths Examined

The much faster growth of the two off-price apparel operations reflects their lower expansion costs, the easier ability to find locations for these smaller stores and the greater return expected from specialty store retailing as compared with the more mature discount store industry.

While the Zayre discount stores have been spotted only on the East Coast and Midwest, the off-price stores are already in The Rocky Mountain States markets and are eventually expected to jump to the West Coast.

The net result of this faster push into specialty retailing has been a slow decline in Zayre discount stores' percentage share of total corporate sales and operating income despite the actual dollar gain in both measurements.

Last year, the discount stores accounted for 75.5% of sales and 53.9% of operating income, both declines from the previous year. The percentages for 1981 were 79.7% of volume and 57.7% of operating income.

Keeping Pace

While the specialty store operations have loomed larger within the overall Zayre corporate structure, the discount arm continues to be upgraded to improve operations and, thereby, maintain market share.

Among these efforts are the planned equipping of all Zayre stores with electronic point-of-sale registers by year's end. These terminals will reduce labor costs by eliminating the need to re-mark merchandise before and after a sale and improve customer service through faster checkout.

The discounter has refined its field operations by breaking down its chain into 30 districts, with the manager in each administering a small number of stores, seven-10, for better control.

Malcolm L. Sherman, president of Zayre Stores, called the revamped district setup "a very successful venture, though there is still fine-tuning to be done." He cited more hands-on supervision, improved zone staff work and lower costs as immediate gains.

Its more obvious change to the public, however, is its aggressive new customer service stance. Having tested several new service policies in the Boston and Providence markets, the chain has rolled out the program to include Chicago, Birmingham, Atlanta and Memphis.

In each market, local TV and radio commercials broadcast that Zayre is offering a 10% reduction on the price of merchandise if a raincheck has to be given for an out-of-stock advertised item.

In addition, the chain promises to open additional checkout registers whenever there are three customers in each checkout line.

Zayre has further reinforced its general in-store services, such as its layaway program, senior citizens policies, service desk and service phones.

If you're looking for a fortune, try looking in the obvious place.

Look into how easy and profitable it is to handle our new line of Sentry Value-Guard Safes.

Sentry ValueGuard Safes are among the highest-interest, hottest-selling security products on the market. That's because there's a rapidly growing need to protect valuables from fire and burglary in homes, offices and businesses.

The new Sentry ValueGuard Safe line includes portable Survivor models, built-in wall and floor safes, fire files, and fire safes with capacities to 7920 cu. in.

And each is beyond comparison for value. Including our new Sentry Value-Guard Safe Model 1250 that's priced for you to promote and sell in volume. It stands 17⁹⁄₁₆" high and weighs only 85 lbs. But it has a 1655 cu. in. capacity, four live locking bolts, a changeable 3-number combination lock, bolt-down security base, and fire-tested up to 1700° F. for one full hour.

All it takes is two different models to put you in the business. We handle back-up inventory and ship within five workdays.

Sentry ValueGuard Safes sell themselves with colorful, informative packaging, hang tags, displays, and literature. Plus, we back you with a 100% paid dealer co-op advertising program.

Sell the right product at the right time. For literature and information, write or call today.
John D. Brush & Co., Inc.
900 Linden Avenue
Rochester, NY 14625
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Model
1250

sentry valueguard® safes

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$1 Billion Volume Is in the Works at Caldor

NORWALK, Conn.—With the $1 billion sales goal clearly in sight, a record number of new stores opening this year, and two new trading areas—Baltimore and the Long Island suburbs of New York—penetrated, Caldor is well-positioned to reach new heights during 1984.

Caldor, Associated Dry Goods' largest division, ended fiscal 1982 with sales of $925 million with 79 stores operating. By the end of February, sales for the new year had already topped $126.4 million.

For the first six months of the year, ADG reported that its discount division had sales of $491.8 million—an increase of more than 27% over the same period in 1982. The division now also includes Loehmann's, the off-price women's specialty operation acquired by ADG during the first half.

With only five new stores brought on board last year Caldor still increased sales roughly 19%. This year, with about 15 new stores planned—and more than five opened by the end of June—Caldor should have no problems with a minimum 20% sales increase for the year. By January 1984 the chain expects to have 96 stores in place.

In addition to contributing a hefty portion of ADG's total sales, this year Caldor did its parent another good turn. It took over the five Baltimore locations vacated when ADG closed its ailing Stewart department stores.

The first of these former Stewart stores opened in July at the Golden Ring Mall, a regional center also anchored by The Hecht Co. and Montgomery Ward. Caldor's 110,000-sq.-ft. Golden Ring store was the second of six units curently planned for Baltimore. The chain had already opened a 90,000-sq.-ft. store in the Severna Park Mall, near Annapolis, a former Woolco site.

Woolco's shuttering also provided Caldor with its entry into Long Island. Caldor took five stores, all in Suffolk County; all were opened by mid-1983.

The opening of these five stores made New York Caldor's second largest state market. In mid-1983 the heaviest store concentration was still Connecticut, with 29 stores. New York with 23 stores passed Massachusetts where Caldor operates 21 stores.

Expansion Planned

To serve its growing presence in the mid-Atlantic states, Caldor also broke ground for a new 450,000-sq.-ft. distribution center in North Bergen, N.J. Caldor currently operates a smaller distribution facility in Secaucus, N.J.

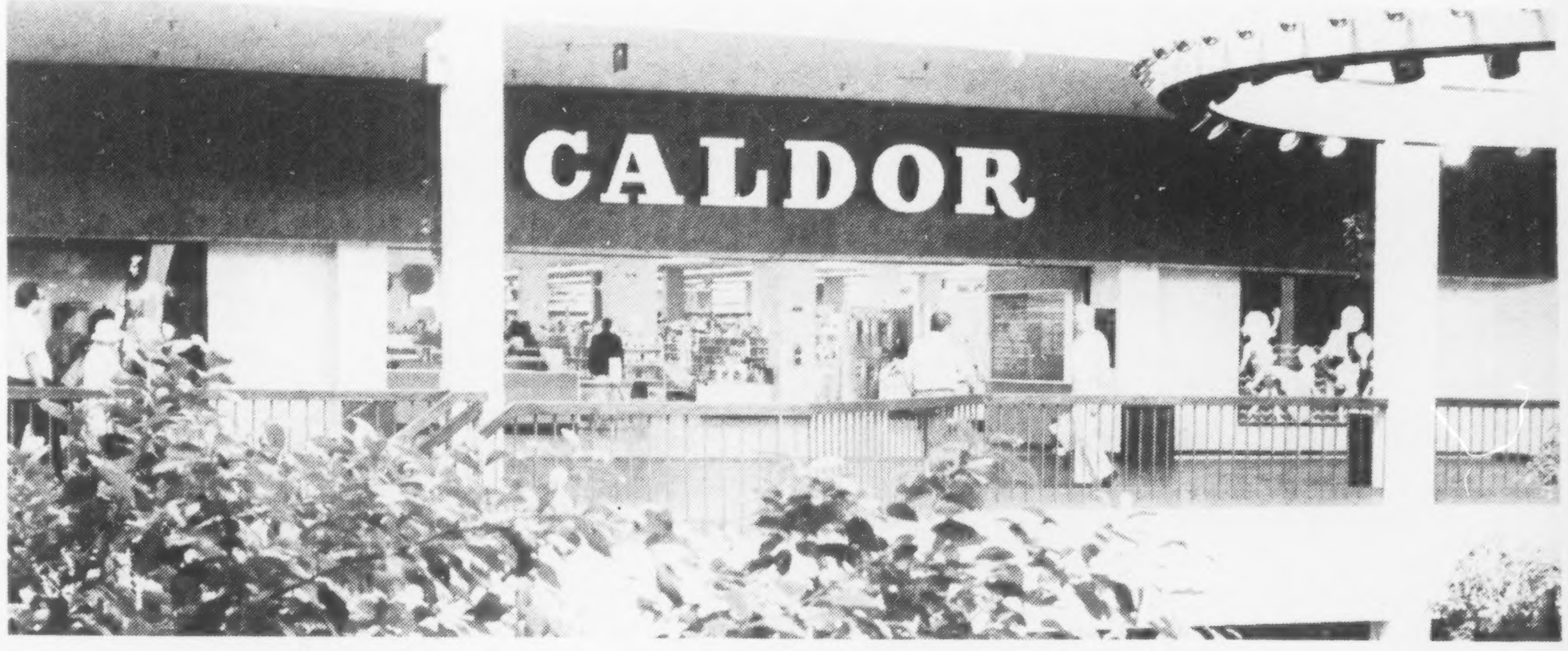
On the merchandising front, the chain has taken steps to boost its percentage of soft goods sales—still hovering just above the 30% mark.

In men's and women's apparel, merchandise presentation has been upgraded. Opening and top price-point levels have been raised in a dual effort to offer customers better quality merchandise and establish quality levels more consistent with the higher-end hard goods traditionally associated with Caldor.

For example, in women's and junior-sized dresses for fall 1983, the opening price will be $25, compared to last year's $20; and last fall's top price level of $30 has been abdicated. In women's/junior sportswear the chain is moving away from the former $3.99 opening price in knit T-shirts and setting a new $4.99 opening level to bring customers a higher quality garment. A parallel move is being made in that category in the men's area with Caldor gradually moving out of promotional "table goods" in knit and woven shirts.

This past year Caldor has put a major emphasis behind the development of its top-of-the-line private label merchandise under the Marc Robbins label—featured in all soft goods areas, including domestics. One reason for this Robbins push, according to chain executives, was to set up systems for better merchandise quality control. With the Robbins program Caldor buyers are completely involved with merchandise development, working with manufacturers on fabric selection and garment cut-make-trim.

One of the latest Marc Robbins programs to hit the selling floor is in women's hosiery. The Robbins hosiery—in designer-type packaging—represents Caldor's top prices in hosiery and joins the "Caldor" private label program. These two PL programs now make up Caldor's total women's hosiery department; no brands are stocked.

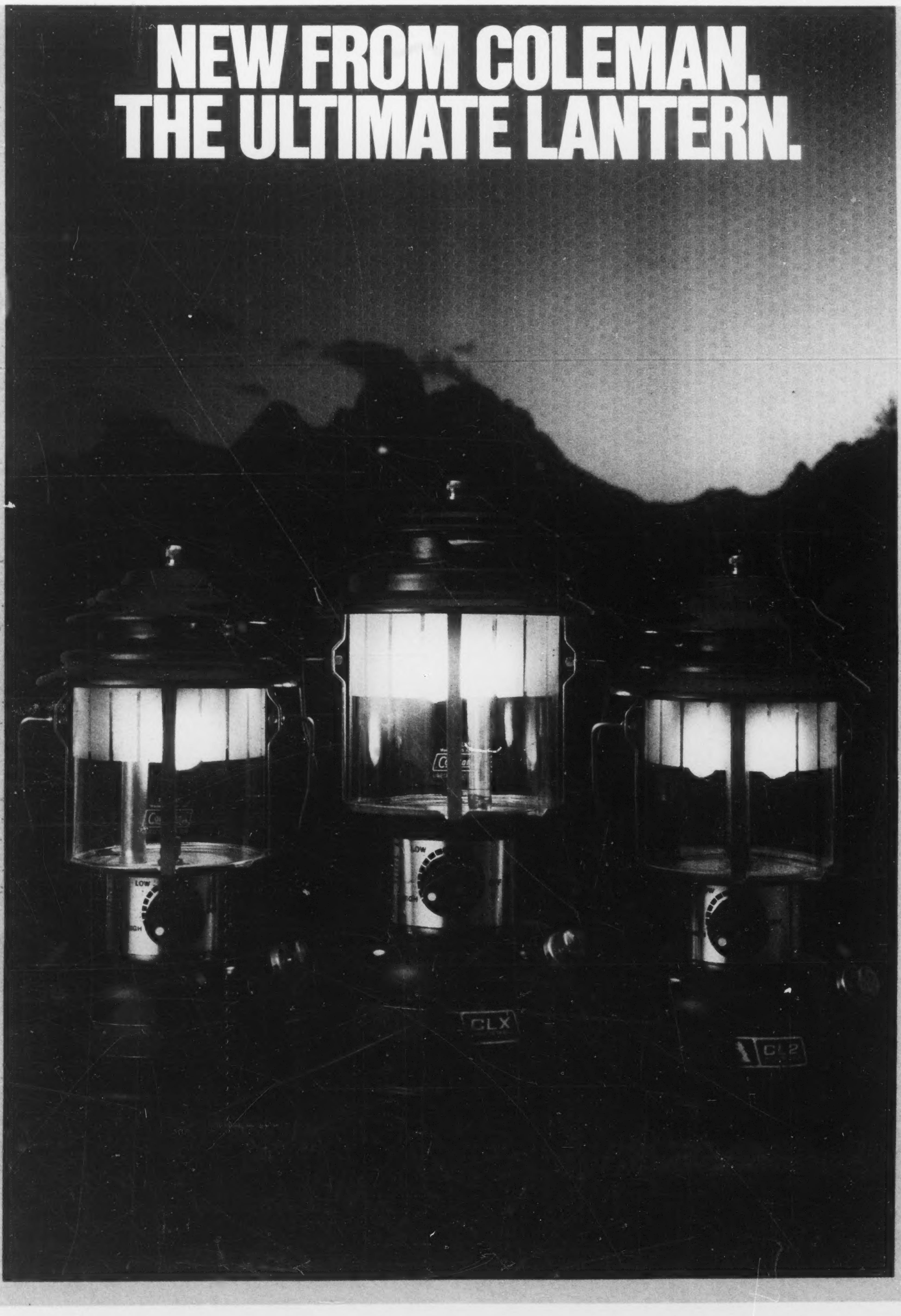


Also recently added were men's Marc Robbins dress shirts, a single-needle construction shirt in 60% cotton/40% polyester. The Caldor retail for the shirt is $14.99 with chain executives maintaining that a comparable shirt at department stores sells for $22.

This fall the dress shirt program is being expanded with a fitted version of the same item to sell for $16.99.

Another apparel development was this spring's breakout of separate junior and petite women's departments, giving Caldor a full complement of women's wear areas. Management described its new junior business—which has its own buyer—as "exploding" since it was spun out of its double-ticket combined misses/junior status.

Caldor, at presstime, was in the market for a new president, following the resignation of Dennis S. Bookshester, who resigned. Bookshester, who joined the operation in January 1982, left to go back to his department store roots, becoming president and ceo of Chicago-based Carson, Pirie, Scott.



Hills Is Poised to Pass $1 Billion Mark in 1983

CANTON, Mass.—Hills has been flexing its muscles in several directions in 1983, and the end result will be a new member of the $1 billion club.

Management projects sales of $1.1 billion for fiscal 1983, ending Jan. 29, 1984, about a 20% gain over fiscal 1982.

Equally impressive is Hills' bottom line. Net income last year was in the affluent neighborhood of $29.4 million, giving the chain a 2.5% net-to-sales ratio on company-owned sales of $894.4 million, exclusive of the roughly $85.1 million sales from leased areas.

These sales levels also give Hills one of the highest sales-per-square-foot-of-selling-space performances in the industry—about $140 in fiscal 1982 and $142 projected for fiscal 1983.

Hills, the largest sales and profit contributor to its parent, SCOA Industries, has also been aggressive in building store count. The chain ended last year with 99 units, and it plans to open a total of 17 this year, making 1983 Hills' most ambitious store expansion year yet. The total count will be 116 stores by 1984. Another 12 stores are scheduled to open in 1984; no locations have been announced.

Among the 17 opening this year are nine former Woolco stores. Three of them put Hills into the Toledo, Ohio, trading area for the first time. The Toledo stores, opened in early September, are just over 100,000 sq. ft. with 72,000 sq. ft. each in selling space.

Hills has been experimenting, in selected test stores, with new upscale merchandise presentation techniques. Several of them have passed muster and are being installed in new units and rolled out in existing stores. Among them:

- The back wall areas of several apparel departments, traditionally "sleeved out" at Hills, are shifting to a combination of "garment front" and "sleeved-out" display. New stores will use the combination.
- A feature aisle of cube fixtures for sweaters and knit tops in women's sportswear is being placed in all new and some existing stores. The chain is using similar fixtures for some merchandise in men's wear.
- New presentations have been approved for lamps and pictures/posters. Lamps are being displayed on new gondola runs; pictures/posters are getting a new on-the-wall presentation.

Hills is also testing a separate full-figure department in women's apparel and new fixtures for handbags.

Hills has also been continuing its efforts to add nationally known brand names to its apparel lineups. Among the brands included in Hills' back-to-school circular were: Garan, Levi's, Chic, Lee, Gitano and McGregor.

The circular also featured Workable Separates, a Hills "captive label," for misses separates in proportioned sizing.

The back-to-school circular incorporates an advertising strategy new for Hills this year. The chain is focusing attention on apparel made in the United States by earmarking items, in newspaper ads and circulars, "Made In U.S.A."

Spokesmen for Hills commented that Hills has a higher percentage of domestically made apparel than the majority of chains, and highlighting that merchandise has prompted positive feedback from customers.

Gaylords Grows in Southeast

SECAUCUS, N.J.—Having increased working capital and short-term unsecured lines of credit during the past year, Gaylords seems poised for further expansion in the Southeast.

Raising its working capital to $12.8 million from $11.3 million a year earlier, the chain also boosted its short-term unsecured credit lines—which were unused at the end of fiscal 1982—by one-third to $12 million. It got a more favorable interest rate, to boot.

In large part, however, Gaylords is pinning much of its long-term hopes on Joseph Nusim, its executive vice president, whom it obtained from Jamesway last winter.

With his first year at Gaylords still uncompleted, Nusim has already begun programs intended to strengthen buying, merchandising and operations at the Secaucus based chain.

New Attempts

Having cited "more regular business and less ad business" as one of his key goals, Nusim has initiated a vendor evaluation program so Gaylords can deliberately channel more business to its best producers. The chain will hone in on vendors whose sales performance, merchandise mix and distribution setup blend best with its regional focus.

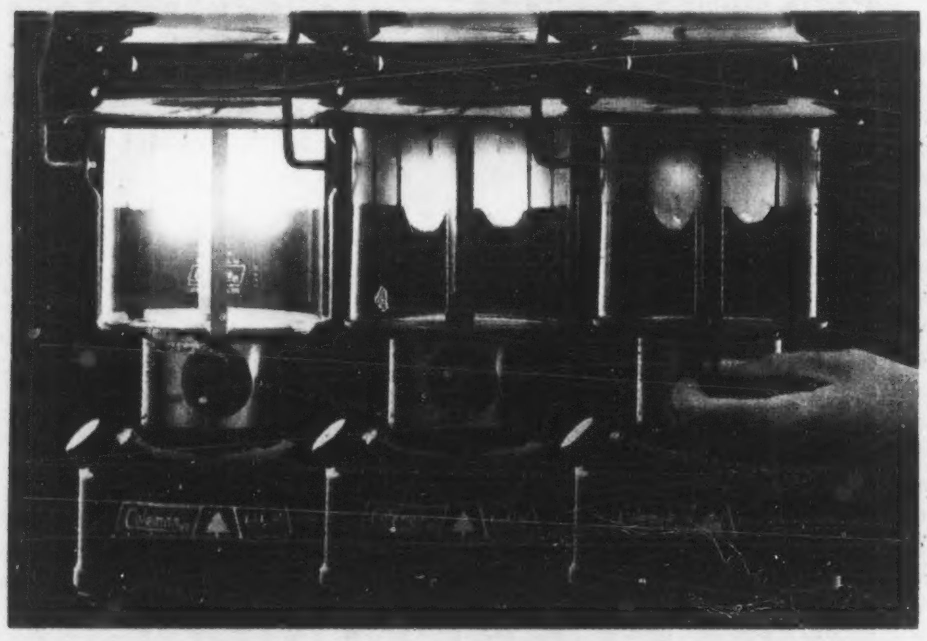
Further, Gaylords will emphasize targeted key growth areas like ladies' apparel, men's wear, housewares, health and beauty aids and sporting goods. It will continue to redesign stores to meet its new format.

Among other merchandising programs recently begun are an open buyers' day, wherein vendors can see merchandisers without appointments; a strengthened competitive shopping program, intended to keep prices sharp on key brand name items on which shoppers are particularly price sensitive; encouraging a greater role by store managers in developing promotional programs, and

(Continued on page 125)

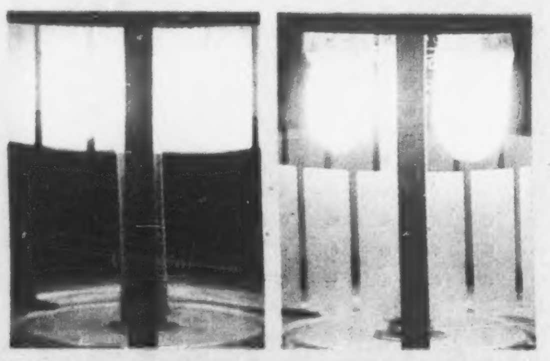
That's a big statement, considering that the Coleman® Lantern has become a legend for toughness and performance. But then, we've made some revolutionary technical breakthroughs that let our new "Gold Standard" lanterns set ultimate standards of performance, consumer value and saleability.

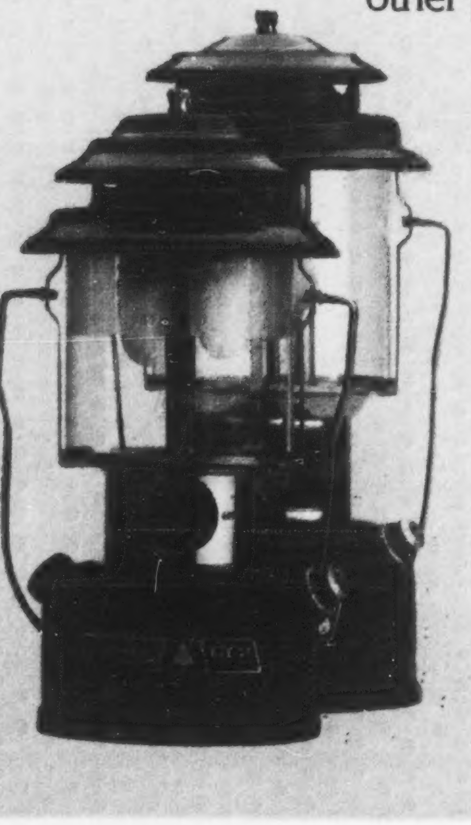
Ultimate control.
One knob does it all. To light, just hold a match to the mantle and turn to the High setting. Then adjust from full bright to mood light. (At lower light levels, you can also save fuel.) This new simplified system even cleans the generator tip automatically for efficient, dependable performance.



Ultimate soft light.
This new globe has a reversible frosted stripe to soften light, up or down.

Ultimate in new, efficient size.
The CL2 here is 30% more compact, easier to fit into your car trunk, but gives you the same big, full circle of light as before. It outshines a mere spot or dim fluorescent glow—and operates at a fraction of the cost of any other portable outdoor light.





Ultimate in standby light.
For use during power outages, bad weather, emergencies. Just put a match to the mantle, open the valve, and you have dependable light.

3 new "Gold Standard" models.
The double mantle CL2. The single mantle CL1. And the super high power CLX, with 36% more adjustable light. All have ultimate features. All have Coleman quality for dependable performances.

Ultimate retail support, too.
We'll kick-off with a dramatic full-color "Gold Standard" campaign generating over 32,600,000 impressions targeted to outdoor-oriented men 18-44 with 16 insertions in 9 leading magazines.

There'll be bold new packaging.
To make the "Gold" pop for consumers. And point-of-purchase to help you dramatize the "Golden" difference on your shelves.

NEW FROM COLEMAN. THE ULTIMATE LANTERN.
COLEMAN CL2 LANTERN
NEW FROM COLEMAN THE ULTIMATE LANTERN

A "Gold Rush" in-store.
Every Coleman ad will promote a Gold Rush Sweepstakes—with P.O.S. display and entry coupons available in your store.

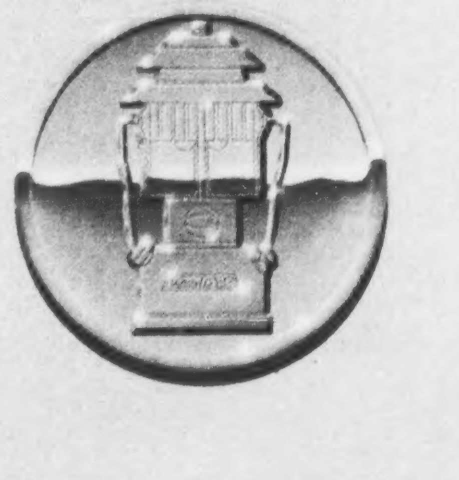
And of course every element is designed to build awareness of the ultimate Coleman "Gold Standard" lanterns...while building ultimate traffic and sales for you.

Call your Coleman Man for all the details. And start prospectin'.

©1983, The Coleman Company, Inc.

Coleman

We outfit your outdoors.



Cook United Eyes Black Ink From Improved Operations

COOK UNITED INC.
COOKS
GRAND OPENING
DISCOUNT DEPARTMENT STORE

MAPLE HEIGHTS, Ohio—Cook United is concentrating on its discount stores.

Following two years of losses, a shakeup in the executive suite and a reduction in its commitment to wholesaling, executives at the troubled chain say Cook is ready to move into the black.

If it comes, however, the black ink will be drawn from improved operations—not an increase in sales.

Company projections for the current fiscal year are for a virtually flat 3% gain in sales: to $619 million from $600 million a year ago. This year the company will run 114 units compared to 118 in 1982.

Chairman Harry M. Broder and president Russel Hansen, who has been in that post nearly three months, are counting on an improved in-stock position, stepped-up advertising and a newly implemented housekeeping policy to lay the groundwork for a turnaround in sales.

Broder stepped in as chairman and ceo in February, after the board of directors asked George Jeffers to resign from the post of president and ceo. Immediate tasks included cuts in the top-heavy management of the discount operation, which includes Rink's, Cooks, Consolidated Sales Company and Uncle Bill's; finding a new president for the company and cutting overhead.

Further Attempts

The company took several steps designed to result in a $2.5 million reduction in Cook United's annual costs and to refocus the company's business on its retail operation:

- Divisional offices in Baltimore, Toledo and Louisville were closed making Cleveland the central buying office.
- The four retail divisions were consolidated into two. Divisional management personnel were reduced from 24 people to six.
- Its hard lines distributing and wholesaling company Stem-Nickman was shuttered.
- Its single-unit catalog showroom operation, Stratford Jewelers and Distributors, was also closed.
- The company sold Future-Pak, its plumbing equipment packaging and supply business.

In late June, following a six-month vacancy in the job, Russell Hansen was named president and ceo. Hansen, a 35-year veteran of K mart, is credited with that chain's creation of the Designer Depot off-price apparel chain, and his hiring by Cook was purportedly tied to an increased soft lines effort. Hansen had resigned from K mart in January.

According to Broder, the chain is rolling out a new layout, refixturing and testing a remerchandising program in apparel in its prototype stores.

Although the chain continues to stock some name brand apparel, the current emphasis is on nonbranded goods at sharper prices.

Related Move

In addition to changes in the soft lines departments, Cook United is seeking to expand its offerings in housewares and seasonal items, including lawn and garden and trim-a-tree.

The liquidation of Stem-Nickman and the sale of Future-Pak will force it to develop new sources and revamped offerings in hardware and plumbing.

With the integration of the 47-unit Rink's stores, which the company bought in 1981, just completed last year, Cook United isn't planning to open new stores during the remainder of 1983 or in 1984. Instead the company will work to refine its new centralized data processing systems, which shift the responsibility for margin and inventory controls from the store managers to the corporate office.

As part of the new program store managers will be trained to concentrate on customer service and merchandising techniques.

The company's 1983 program includes a rollout of the refurbishing plan, with no major remodelings slated. Stores will be repainted and refixtured. Also during the remainder of this fiscal year, Cook United stores will adopt new departmental signing with a standard orange, beige and white color scheme chainwide.

This year Cook is expecting its discount operation to account for 90% of the company's total revenues.

In 1984, Weber breaks through the myths about barbeque grill sales.

MYTH: "When it comes to barbeques, there's no real brand awareness."

FACT: For years, we've outspent the rest of the barbeque industry *combined* to plant our name in your customers' minds. Today, Weber is the nation's number one brand... and in 1984, we'll be spending more than ever—so your customers will ask for Weber by name.

MYTH: "You can't make profits in the barbeque department."

FACT: You can with the Weber Dynamic Season™ program. Many of your customers will trade up to Weber's extra-value colors or Weber Gas Kettles—if you display them.

And every Weber owner is a candidate for our high-margin accessories or the top-of-the-line The Web® electric bug-killers, too.

MYTH: "The best approach to barbeques is to keep your inventory low."

FACT: That's the best way we know to *lose* sales. No dealer gets stuck with leftover Weber inventory... in 1983, many dealers were out of stock and out of luck by Memorial Day! Order deep!

MYTH: "The barbeque department should go up April 15 and come down July 5."

FACT: The barbeque department should be making money for you whenever your customers are cooking outdoors—in some areas, that's year-round! Weber's Dynamic Season planograms adjust the *size* of the department to the time of year, region of the country, type and size of store. Just ask your Weber rep!

FACT: In 1984, the Weber line will be making money for just about every kind of store you can think of!

FACT: Nobody gives you more comprehensive support, including heavy network TV advertising, Dynamic Season planograms, P.O.P. materials, detail help and more!

FACT: At Weber, we got to be #1 by helping retailers succeed with our products. And helping you succeed is going to keep us #1.

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Venture Plans 8 Bows in '84, Including 1st 2 in Omaha

ST. ANN, Mo.—Venture lans a major expansion proram for next year that will inolve eight new stores, includg its first two in Omaha, as it oses in on its goal of 60-plus nits and $1 billion in sales by 985.

The upscale discounter, a diision of May Department tores, is set to add four stores his year to its base of 47. That nove, *DSN* projects, will boost ales to the $782 million level.

Last year the discounter hecked out $680.3 million in ales and had an operating inme of $30 million, or 4.4% of lume, from 47 stores. Those ures were Venture's best reults since 1978, when the chain st undertook a major expanion drive by taking over 13 exurn-Style stores in the Greatr Chicago market.

The upturn in Venture's forunes is fueling its new expanion effort. This year it will inlude the chain's first three tores in the highly competitive klahoma City market and a nit in Springfield, Ill., part of he plan to fill in the open paces of Illinois between Chiago, where Venture has 24 its, and the Greater St. Louis arket, where it has a dozen.

Area of Reliance

Venture's expansion follows a b and spokes pattern in ich the discounter firmly ounds a base of stores in a ajor metro market and then lds units in communities on v highway "spokes" radiating m that central point.

The tentative plans for 1984 s well as the stores already t for this year) illustrate that tern. Next year, the new res, besides the duo in naha, include two in Chicago d two more in the surroundg suburban market, another nit in suburban St. Louis and ne in Topeka, Kan.

The last-named will launch ne filling-in of locations beveen the Greater Kansas City ub, where Venture already has six stores, and the planned new hub of Oklahoma City being developed this year.

New-Store Plans

The 12 new Ventures planned for the 1983-84 period will be followed by seven in 1985 as part of the chain's measured growth. Venture president Julian Seeherman said "every move will be planned and programmed" to avoid the problems created by the rushed acquisition and opening of the 13 former Turn-Styles in 1978.

Venture's recovery has positioned the chain for its new growth plunge.

Its merchandising and operational moves include:

- The opening of its second distribution center. That facility, in O'Fallon, Mo., serves the St. Louis and metro Kansas City markets and joins the facility in Bedford Park, Ill., which was added a few years ago to handle the Chicago stores.
- Greater emphasis on apparel. The chain has developed a new store prototype that has apparel taking up the entire infield within a race-track format.
- Sharper self-service focus. Remodeled stores feature new signing, redesigned checkouts that offer faster service and fixtures that provide for easier selection of merchandise within the traded-up image that Venture is going after.
- Expanded number of departments. The discounter is adding such service sections as beauty salons, auto service centers and pharmacies to stores that don't have them. It's part of the chain's effort to give customers more reasons to shop Venture, rather than a competitor that doesn't offer these convenience sections.
- Upgraded electronic terminal functions. Bank and other non-May Department Store credit cards are now accepted due to the automatic authorization of these cards via the electronic point-of-sale registers. This move has made Venture one of the first discounters to offer on-line credit authorization.

Of Venture's $680.3 million in sales last year, the discount stores accounted for 97.8%, with the remainder coming from Colonel Day.

Leased sections within Venture produced another $2,441,000 in volume.

The discounter, overall, checked out 18.6% of total May Department Store volume in 1982 and its $30 million operating income accounted for 8.9% of the parent's total.

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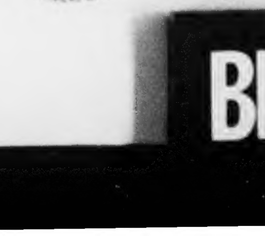

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Interior Facelift Gets Priority at Murphy's Mart

McKEESPORT, Pa.—As Murphy's Mart becomes an increasingly important part of G. C. Murphy Company operations, the parent is striving to increase productivity per store while selectively expanding the number of discount store sites.

To this end, continued upgrading of Murphy's Mart interiors remains a priority. The chain feels the facelifts help to widen its customer base with traditional department and specialty store shoppers, while easing efforts to make its merchandise mix more upscale and profitable.

Last year, for instance, the chain converted 39 Murphy's Marts and opened five others with the new look. By the end of 1983, 88 are expected to sport the new look—marked by earthtone colors, improved signing and heavy display emphasis on several key targeted departments: ready-to-wear, accessories, intimate apparel, jewelry and cosmetics.

Coupled with this newly heightened fashion approach, the 116-store Murphy's Mart discount chain accelerated delivery of fashion merchandise to stores by shuttering its fashion distribution center last December, and opted for alternate shipping methods.

New Approach

The company also adopted a conservative buying approach, aiming to limit overstocking and the need for large profit-eroding markdowns. Citing the ability to obtain goods easily last fall and winter "if sales were to exceed expectations," Charles H. Lytle, president and Thomas F. Hudak, chairman, wrote in a letter to stockholders that it resulted in "a substantial decline in markdowns during the last half of 1982."

Strategies like this helped G. C. Murphy to record sales and net income in fiscal 1982, which ended Jan. 27, 1983. Sales rose to $822.3 million, up from $817.8 million a year earlier. Of that total, Murphy's Mart units accounted for $530.9 million, or 64.6% of volume, compared with $495.7 million, or a 60.6% share, during the year earlier period.

Improvement Reported

Improvements in the company's sales per square foot were attributable to the strength of Murphy's Mart. Companywide 1982 performance of $81.14 topped the year-earlier level of $79.17, but Murphy's Mart led the company with a $102.85 sales-per-square-foot contribution in fiscal 1982 compared with 1981's $100.52.

Net income was propelled to $11.7 million in 1982 from $4.9 million a year earlier, reflecting corporate efforts to take higher margins on merchandise, improve store productivity, contain costs and control inventory shrinkage.

One way the chain trimmed costs was by reducing the number of sale items in each circular, and thus the size of each circular. The result: shoppers were still attracted by advertising, while the chain slashed its promotional markdowns.

G. C. Murphy also initiated a shrinkage control incentive bonus program, wherein savings in excess of set goals per store would be shared by employees.

Apparently well set for growth, G. C. Murphy remains cautiously optimistic. "Even in the event of a relatively strong economic turnaround, it may be an extended period of time before many of the people in our traditional customer base are re-employed and fully recovered from the traumatic economic disruption in their lives," Lytle and Hudak wrote stockholders.

Of a modest five new Murphy's Marts scheduled for 1983, three will be new and two will be conversions of conventional units. They'll be in Baltimore and Frederick, Md.; Bridgeport, W. Va.; Lebanon, Ohio and Maysville, Ky.

At the end of this past July, G. C. Murphy operated 411 stores, including 116 Murphy's Marts. Since this past Jan. 28, the discount chain has operated its previously leased in-store automotive and sporting goods departments. Believing these areas hold good profit opportunities, Murphy's Mart decided to make its automotive merchandise selection more conducive to self-service, and to broaden its sporting goods assortment.

Murphy's
Murphy's

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Gemco Upgrades to Defend California From Target

DUBLIN, Calif.—Gemco is positioning to protect its home turf by upgrading its presentation, a strategy that includes some upscale merchandise, a store renovation program and the development of a trendy gift-oriented catalog.

The battleground is the discounter's Los Angeles and San Diego markets, both invaded by Target earlier this year. Gemco executives have made no secret of their objective to counter that entry.

Gemco's 44 stores in those markets represent more than half of the chain's 80-units.

The Target incursion came only a few months after Gemco shuttered its struggling East Coast Memco division—selling the 13 units to Bradlees.

Chain executives have indicated that their greatest concern is retaining their current customer base in the membership-only club. Lifetime membership at Gemco can be had with a one-time payment of $1.

Changes in the Gemco merchandise strategy include an increased emphasis on nationally branded soft goods—Target's strong suit—with particular attention on widening assortments.

They will continue along the lines already in evidence in Gemco's current prototype, most notably through the breakout of a new area in women's apparel—a 1,200-sq.-ft. section called "The Outlook"—where much of the upscaled merchandise will be displayed.

The prototype stores—120,000-sq.-ft. units in Bakersfield and Chico, Calif.—have added 3,000 sku's of soft lines merchandise, with some additional hard-line changes in departments such as jewelry and consumer electronics.

Not Fully Utilized

However, not all of the changes will be moved into the existing Los Angeles and San Diego stores; only three new stores scheduled to open this year in Los Angeles will be designed to prototype, according to Ken Cope, controller for Gemco's parent, Lucky Stores.

Instead, the greatest focus will be placed on cosmetic changes—in upgraded signing and fixturing of the units—since complete renovations would be too costly and time consuming, Cope said. Even so, he said that the changes to be made will take about one year to complete.

In the meantime, the chain has begun polishing its image with the addition of two publications to its direct-mail advertising inventory.

One, the *Gemco Membership Update*, is patterned after a community weekly newspaper, only its "news" stories are advertising. It appears to be the new generation of the Gemco *Courier*, which for years the chain has patterned after the old *Saturday Evening Post*. That publication will continue.

The other publication—a catalog—almost represents an entry into a new business for Gemco.

New Move

The *Gemco Membership Collection*, a 40-page, four-color, high-gloss catalog containing jewelry and giftware items, made its first appearance on Father's Day this year, with executives planning new issues four to five times a year.

An advertising executive involved in the project said the publication was designed to position Gemco as being more upscale than Target and with sharper prices.

"These publications also differentiate us from our competitors," the executive said.

Company officials maintain there will be an immediate improvement in sales resulting from the changes.

Gemco's sales increased to $465 million for the first quarter ended May 1, 1983, a $23 million jump from the same period in 1982.

Comparable store sales also increased, by 12%, according to the company.

Gemco's pretax earnings for the quarter leaped to $10.5 million—including a $6 million one-time gain realized from the Memco sale. Pretax earnings a year ago totaled $160,000 when the East Coast operation was included.

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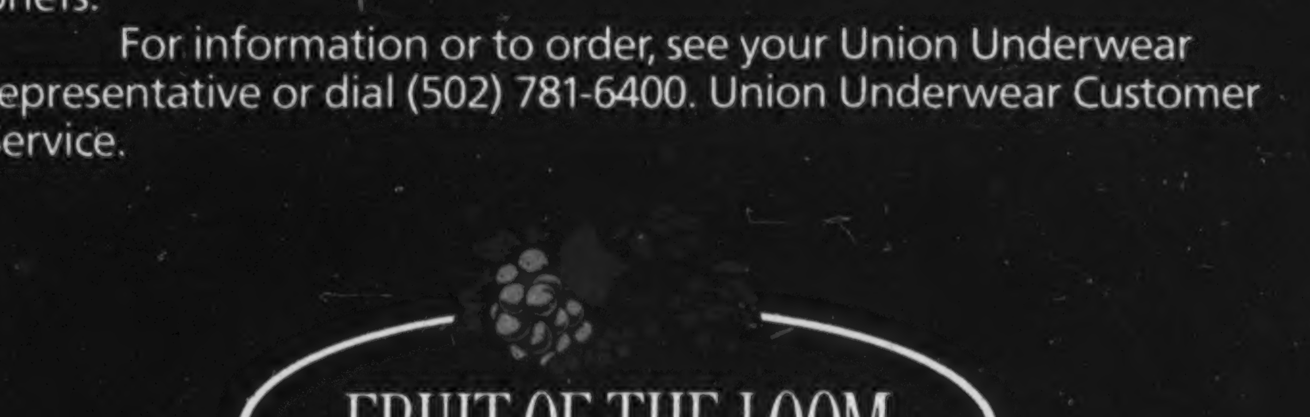

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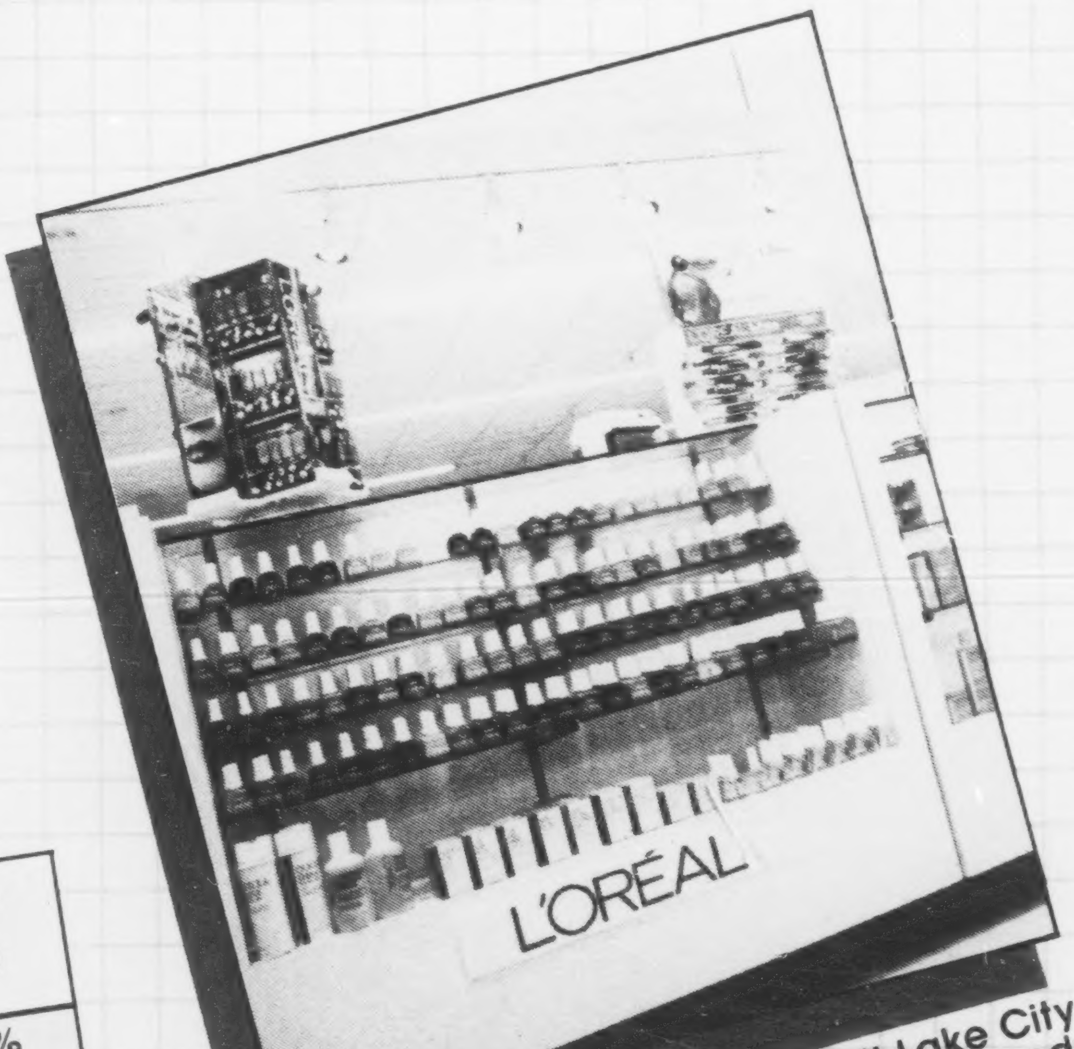
MERCHANDISING PROFILES

Chains such as Caldor push deeper into upscale branded apparel, with junior and petite among the departmental spinoffs.
(DSN photo)

Discounters are becoming bolder and bolder in big-ticket items, such as canoes, shown at Mars, Chicopee, Mass.
(DSN photo)



Chains like Grand Central, Salt Lake City, are appealing to customers' status needs and wants with prestige cosmetics.
(DSN photo)

Ladies' Apparel Is Still No. 1

Category	Discount Volume in Billions	Sales Per Store in Thous.	Dept. Size	Annual Sales/ Sq. Ft.	Annual Turns	% Initial Markup	% Gross Margin
Women's Apparel	$13.3	$1,644	10,000	$164	5.2	46.5	36.0
Men's & Boys' Wear	7.4	915	7,610	120	3.2	45.1	35.3
Housewares	5.9	729	5,760	127	3.4	40.0	31.5
Consumer Electronics	5.4	668	2,250	297	2.9	26.0	15.7
Health & Beauty Aids	5.2	642	2,275	282	4.2	25.4	18.8
Automotive	4.8	593	2,290	259	3.2	36.6	28.3
Hardware	4.5	556	3,210	173	2.3	41.3	32.9
Toys	3.7	457	2,500	183	3.2	35.0	27.7
Sporting Goods	3.4	420	2,500	168	2.5	38.0	28.2
Photo/Camera	3.1	383	675	567	3.6	25.0	18.0
Domestics	2.8	346	3,130	111	2.8	43.0	34.3
Personal Care	2.7	334	850	393	3.8	30.9	19.7
Records & Tapes	1.9	235	1,050	224	3.3	25.0	23.0
Stationery	1.8	223	1,800	124	3.1	42.1	39.0
Paint	1.7	210	1,270	165	2.3	42.0	35.2
Electric Housewares	1.6	198	870	228	4.0	28.3	16.1
Fabrics & Sewing	1.2	148	1,300	114	2.4	45.0	38.6
Jewelry	1.1	136	550	247	2.7	49.0	42.0
Glassware	0.6	74	625	118	3.8	41.0	35.2

(Source: DSN Research)

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Broad-based 10% Sales Rise Is Expected

BOXSCORE

Automotive

Discount Store Sales	$4.8 Billion
Sales per Store	$593,000
Department Size	2,290 Sq. Ft.
Annual Sales per Sq. Ft.	$259
Annual Turns	3.2
Initial Markup	36.6%
Gross Margin	28.3%

The trend toward auto fixup is continuing to build, despite better news coming from Detroit recently. Bradlees' new store in Annandale, Va., took that trend one step further with fashion auto seat covers. *(DSN photo)*

Nationwide DSN Report

Automotive departments appear to have the best of both worlds right now.

The recessionary cloud has lifted at last, sparking hordes of new car buyers who—still feeling a pinch in their wallets—purchase stripped-down models and visit discounters for the comfort items they want to add.

At the same time, the average car on the road is now past its seventh birthday. That translates into healthy sales of replacement parts, body repair kits, chemicals, batteries and oils from do-it-yourselfers, plus a substantial lift from service bay business.

As a result, the 10% department sales rise anticipated by discount chain buyers this year will be broad-based. It will be generated by many segments of this rock-solid in-store section.

For the full year 1983, discount store automotive sales should reach $4.8 billion, thanks to greater department productivity. While average department size remains stable at 2,290 sq. ft., sales per store are expected to rise nearly 10% to $593,000. That would lift annual sales per square foot to $259, up from last year's $238.

Gross margins taken by discount retailers are also expected to be healthier—28.3% compared with last year's 27%.

Rising Trend

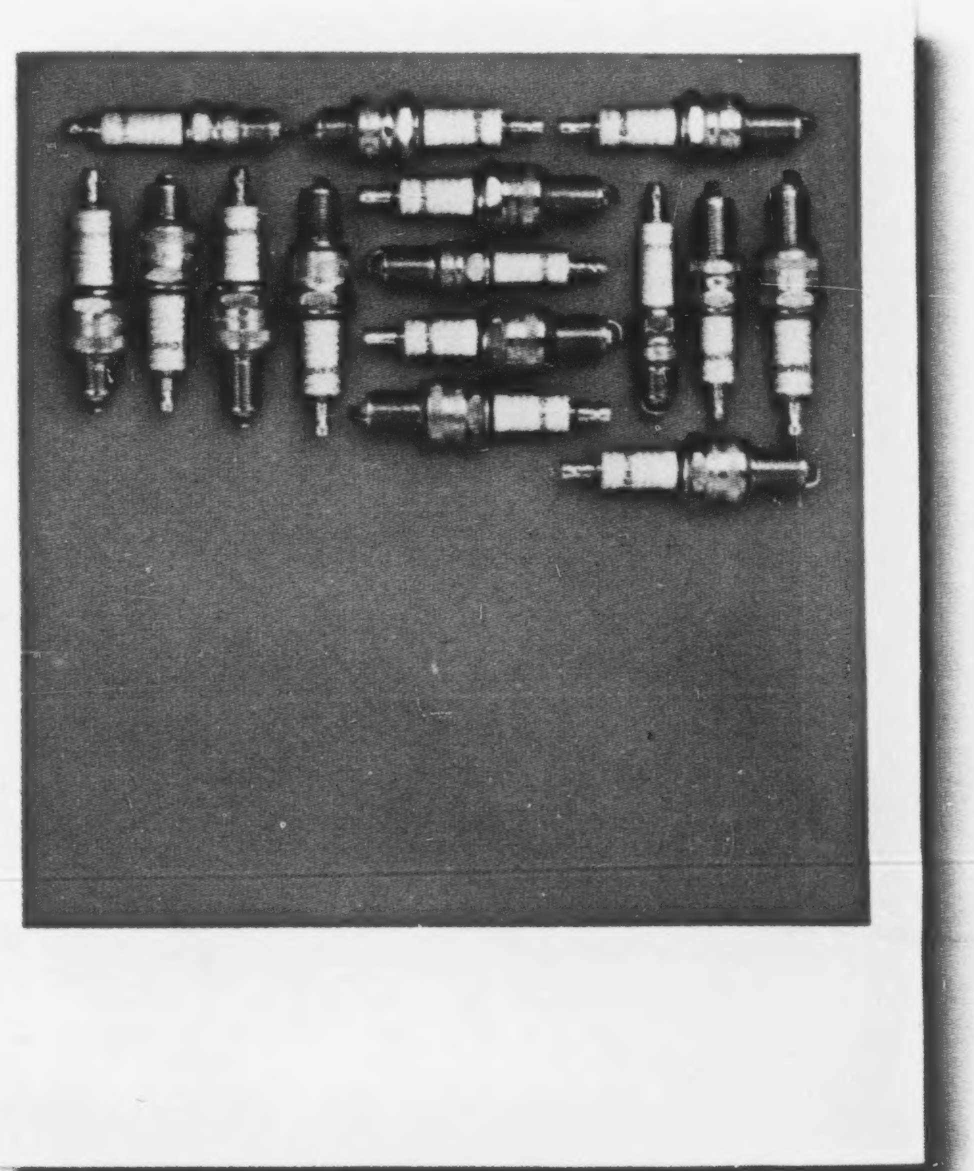
Indeed, these positive trends should continue for a while. A recent survey by the Automotive Market Research Council, an Ohio-based membership corporation, predicted 1.5% annual boosts in the number of cars on the road through 1987.

Growth in southern California, where car registration is particularly high, may outpace that of the rest of the nation. Discounters in that region might be wise to concentrate especially on foreign-part merchandising, since it's a strong market for imported cars.

Nationwide, however, do-it-yourselfers who drive older cars will fuel a 2.6% annual growth rate in replacement parts, said the AMRC. Sales increases in lower-ticket chemicals should top the 10% mark easily because they'e easy-to-use DIY maintenance items. Besides that, chains apparently are merchandising the segment better and have more available promotions and several new products to stimulate shoppers.

Nevertheless, a mild winter, a wet spring and eased fuel prices dampened sales of chemicals in the first half of 1983,

(Continued on page 76)



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One picture -ours -can develop into added profits . . . instantly. For more details regarding the Performance Guarantee, contact your Champion supplier or call, toll-free: 1-800-835-2246, Ext. 438. In Kansas, 1-800-362-2421, Ext. 438.

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automotive

The heavy promotional value of motor oil shows no signs of letting up in the near future. Many chains, such as TSS-Seedman's, Brooklyn, N.Y., continue to drive the product featuring sharp prices in case packs. *(DSN photo)*

TURBO WHEEL COVER
Set of 4

Sports car enthusiasts, oblivious to economic trends, are an important target group for discounters' auto departments. Chains, such as Prange Way, Green Bay, Wis., are making a powerful pitch with high-margin sport wheel covers. *(DSN photo)*

Automotive

(Continued from page 73)

before the segment caught life in the summer.

There's a trend among shoppers to pay for brand-name chemicals in the best grades available. Consequently, off-brand price items and gimmick goods have had the starch taken out of them.

That doesn't mean, however, that merchandisers should feel free to stock more brands. Many chains reported improved results by limiting brand assortments and lessening shopper confusion.

When discounters talk of oil sales, they fret about the impact of virtual nonstop deals in the segment. Gold Circle, for instance, conceded that intense price competition in some of its markets dulled the impact of some of its oil promotions.

A Heck's buyer referred to the deals as "lots to make you pull your hair out."

Yet, an ALCO spokesman said, "Oil just stays there and sells like hell."

Promising Area

There's no disputing that oil is the department's promotion mainstay and traffic builder. Many chains are finding success with aggressive private label programs. At Gold Circle, for example, the house brand accounts for at least 15% of oil sales. At the Grand Auto specialty chain, its own Grand Champion label generates 20% of oil sales.

Batteries are another category where discounters can successfully trade off their own names. At Ames Department Stores, for instance, unit sales of batteries increased nearly tenfold after the chain revamped its merchandising program two summers ago.

Despite their relatively high price points, batteries serve well as linchpins for highly profitable cross-merchandised displays of cables, wire brushes, hydrometers, terminal ends and other items. However, middle-priced lines are being squeezed out by the high- and low-end goods. "People want either the lowest price, if they'll sell their car soon, or the best quality, if keeping their cars," said an Ames spokesman.

The Reason Why

On the bright side, high-margin comfort items like seat covers and stereos are having a heyday, with many chains reporting volume hikes of 30%-40% this year. The pickup in seat cover sales was a reflection of the recession's psychic impact on consumers. People had bought seat covers because they were making do with older cars.

However, even as new car sales accelerated, activity in seat covers continued to climb. Americans suffering new car sticker shock flinched from paying another $200-$500 for their favorite fabric car seat. They'd often buy stripped down, vinyl seats, then customize the car interior later, buyers said.

Larger displays and improved packaging by manufacturers continued to help spur the trend. In this category as well, shoppers more often opted for medium- to high-grade lines, forcing many discounters to shed their low-end inventories.

It's the same in stereos, buyers reported. "Shoppers willingly pay for more features and better quality," said one, noting that $200 price points do little to dull consumer enthusiasm for the products.

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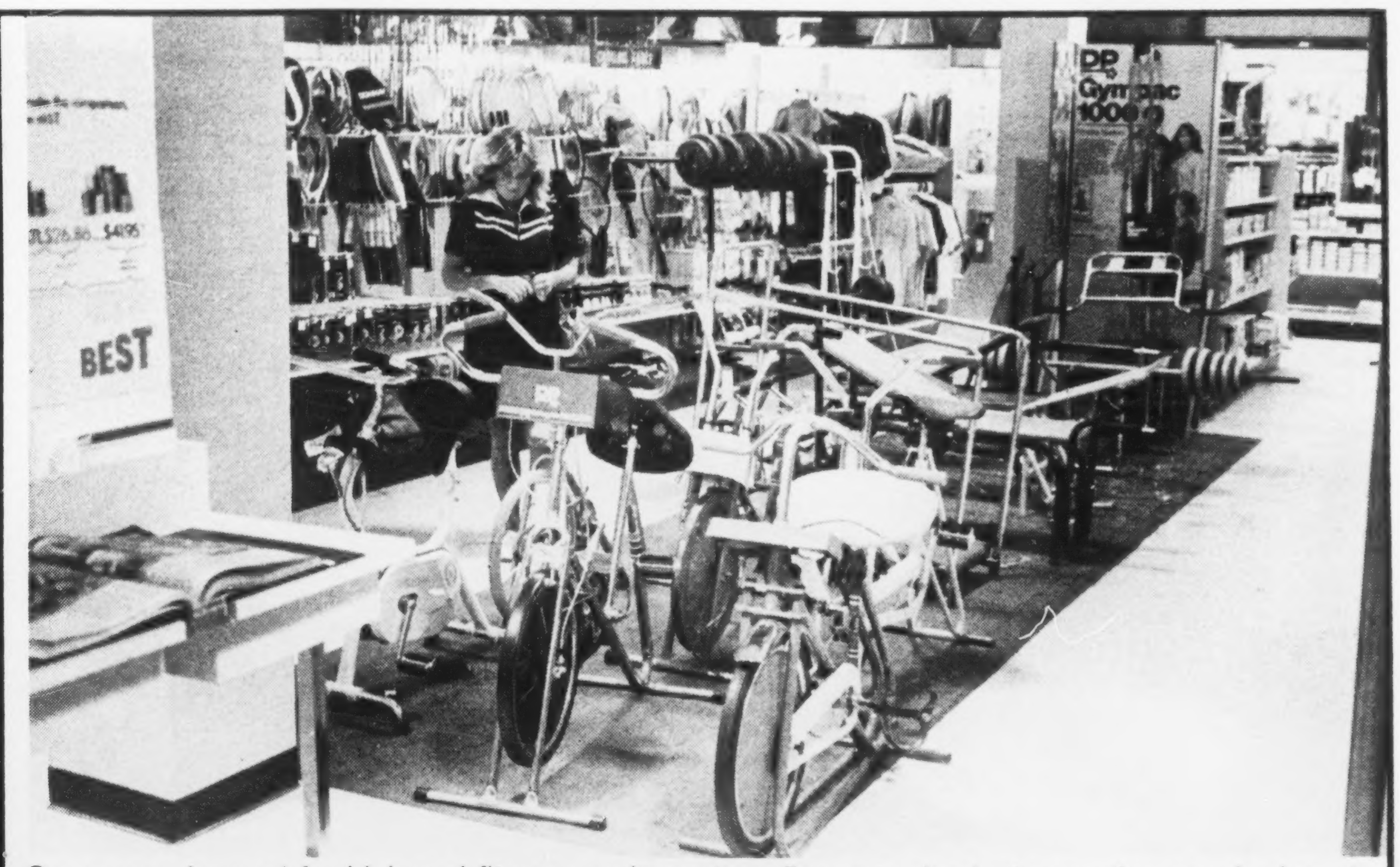
Quaker State: Pipeline to profits.

Trade-ups Score in Exercise, Gym Gear

Sporting Goods

BOXSCORE

Discount Store Sales	$3.4 Billion
Sales per Store	$420,000
Department Size	2,500 Sq. Ft.
Annual Sales per Sq. Ft.	$168
Annual Turns	2.5
Initial Markup	38.0%
Gross Margin	28.2%



Consumer demand for high-end fitness equipment continues to dominate sporting goods departments. Keeping with the trend, catalogers such as Best Products, Plantation, Fla., are carrying more sophisticated exercise bikes. *(DSN photo)*

Nationwide DSN Report

Exercise and gymnastic equipment are among the most successful trade-up areas in discount store sporting goods departments, thanks to the nation's continued preoccupation with fitness.

"The exercise category has seen consumers trade up considerably," said a sporting goods buyer for S. E. Nichols, New York, where many of the lower price points have been dropped in the category this fall to make room for higher-ticket goods.

"It used to be only spring-and-cable hand grips and some chest pulls," he observed. "But now customers will spend more money to stay in shape."

With discount store industry sales in the sporting goods classification on the way to $3.7 billion this year—a 19.4% leap over last year's $3.1 billion—buyers are pegging the robust growth on high-ticket exercise equipment as well as an uptrend in canoes and steady sales in basic areas like fishing, guns and ammunition and outdoor games.

The Reason Why

Merchants report more $200 and $300 items are selling because of the consumer trend toward higher quality, brand names and special features on exercise gear.

Target, Richway, Lechmere and Bradlees have all been featuring sophisticated weight-training equipment like the Gympac 100, retailing for a hefty $300, and being promoted at $250 and $270. The system includes a wall-mounted pulley system designed for arm and leg exercises and a weight bench with a leg curl.

In addition, Caldor has been carrying the high-end Bodybar 2000 by Marcy at an everyday price of $349 with a sale price of $288.

And, this high-priced fitness equipment has been selling briskly.

At Heck's, for instance, buyer Dick Adkin said sales in sporting goods were up 30% in 1982 over the previous year, with a 20% upswing in the chain's gymnastic business. He expects similar growth by the end of 1983.

Gravity boots are also responsible for some of the sport-

(Continued on page 121)

LOAD UP NOW FOR WINCHESTER'S CENTERFIRE RIFLE REBATE PROMOTION!

WINCHESTER CENTERFIRE RIFLE
GET $3 BACK.
NEW! "LOCKED-IN" PLASTIC TRAY PACK
Load up now. Offer good October 16 through November 30, 1983.
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- Co-op advertising.
- Eye-catching 4/color shelf-talkers with tear-off mail-in rebate certificates.
- Retail ad slicks with easy-to-use elements for local newspaper advertising.

Promotion dates October 16 – November 30, 1983. Contact your Winchester Distributor for all details. If merchandising support material is not available from your distributor, write to the East Alton address and request your free Centerfire rebate merchandising kit.

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THE AMMUNITION COMPANY.

1983 Olin Corporation, Winchester Group, East Alton, IL 62024

Buyers Bullish as Initial Markups Rise

Housewares

BOXSCORE

Discount Store Sales	$5.9 Billion
Sales per Store	$729,000
Department Size	5,760 Sq. Ft.
Annual Sales per Sq. Ft.	$127
Annual Turns	3.4
Initial Markup	40.0%
Gross Margin	31.5%

Bradlees, East Hanover, N.J., displays dining tables/chairs with table settings and accessories. This furniture flat was backed by a wall displaying a broad assortment of chairs. *(DSN photo)*

Nationwide DSN Report

Discounters are counting on their housewares departments for strong second-half sales and profits, as shoppers continue their trade-up to items with higher initial markups.

Initial markups in the category will increase an estimated four points—from 36% to 40%—this year, according to *DSN* projections.

Retailers have pegged the trend to two key factors: an upswing in consumer spending in housewares' more fashion-appeal areas, and to less item-by-item competition among chains due to the influx of housewares manufacturers on the mass merchandising scene.

Many discounters have also expanded and upgraded their departments in an effort to further cash in on the market's strength. Discount store sales for the category will hit $5.9 billion this year, an 11.3% increase, according to *DSN* estimates.

Expansion Reported

For instance, Gaylords' new prototype unit in New Orleans features a 4,500-sq.-ft. housewares area, more than double its typical 2,000-sq.-ft. department. Also, Richway recently completed expanding its housewares areas by 25% to make room for more upscale goods.

Bradlees last spring debuted a new "home store" layout in its East Hanover, N.J., outlet, which includes Table Top, Kitchen Gear and Living Shop departments. That theme was further developed with the openings last month in the Washington market.

In addition, chains such as Fishers Big Wheel, Clover and K mart are in various stages of remodeling and/or reassorting their departments to capture a larger share of the housewares market.

Wal-Mart, in fact, expects its resets to bring in sales increases 25% higher than those expected from all stores.

Housewares improvements for the Bentonville, Ark.-based chain include a restructuring of dinnerware resources and new store fixtures.

Sales gains are currently running at 55%, according to company officials.

Like other discounters, Wal-Mart is looking to dinnerware

(Continued on page 83)

1'

$1248

Actual gross margin per sq. ft., each store/10 store chain.

Ready Made Blinds by Levolor.
Imagine what they could be worth to you.

One year out and already our Ready Made blinds have shown what they can do for your valuable floor space: make it a lot more valuable. Look what they did for one 10-store chain:

Each store showed a gross margin of $1248 per sq. ft. compared to the industry storewide average of $92/sq. ft. Sales per sq. ft. were ten times greater than the industry average ($3114 vs. $309), and turnover was nearly twice the industry average, an impressive 6.15 turns vs. 3.5.

So what's it all worth to you? The Levolor name means quality to your customers. Attractive packaging and displays. Powerful national advertising. Advertising allowances. And a lot more profit for every square foot of selling space.

For more information call your Levolor representative or write Levolor Lorentzen, Inc., 1280 Wall Street West, Lyndhurst, N.J. 07071.

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Housewares Buyers Are Bullish

(Continued from page 81)

and furniture as two key growth and trade-up areas

Indeed, one of the hottest classifications for discounters is tabletop, reflected by Mikasa's launching of its Home Beautiful line at Chicago's 79th International Housewares Exposition this July, geared specifically for mass merchants. Caldor, Jefferson Ward, and J. C. Penney are among the major retailers to have already committed to a program.

At Hills' Carnegie, Pa., store, near Pittsburgh, a 20-ft. gondola run has already been set up with the complete upscale assortment. The line, a coordinated tabletop concept, includes china and stoneware in dinnerware, crystal stemware and hollowware, kettles and cookware with flatware and linens to follow.

Another tabletop trade-up avenue for some chains, such as Jamesway, is multipiece dinnerware sets. In fact, Jamesway is already moving to higher price points for the fall.

A company executive said the chain will be incorporating fine china and stemware, in addition to flatware, at a correspondingly higher price point—between $89.99 and $99.99.

However at many other chains including Rose's, T.G. & Y. and Fishers Big Wheel, the multipiece sets are viewed more as a promotional, low-end opportunity.

Rose's, for example, tested 114-piece multisets in several stores this summer prior to expanding the line chainwide this fall. The set, from Newcor, was to be priced between $69.99 and $79.99.

Setup Is Refined

T.G. & Y., meanwhile, has two sku's of combo sets, both priced at $68. One set comes already packaged from a single source, while the other is the chain's own combination, created from five separate packages, according to merchants for the Oklahoma City-based chain.

Furniture, in the meantime, is one housewares area that generates enthusiasm from almost every discounter. Indeed, their only complaint is that there simply isn't enough floor space to do the category justice.

Buyers concur that it has become a very profitable area, boasting a 50% markup on most merchandise and a 35% maintained margin for the department.

Jamesway is anticipating a 120% hike in furniture sales. This forecast is based on the company's strategy to heavily promote its direct imports, to buy single items from sources instead of entire lines, the use of main aisle and endcap stackouts to highlight volume pieces, and more advertising.

Important furniture items at Jamesway during the second half include microwave and utility stools, TV carts and small occasional tables—priced at $8 to $9.99. Microwave utility tables as well as cooking accessories are fast becoming another sizzling profit center

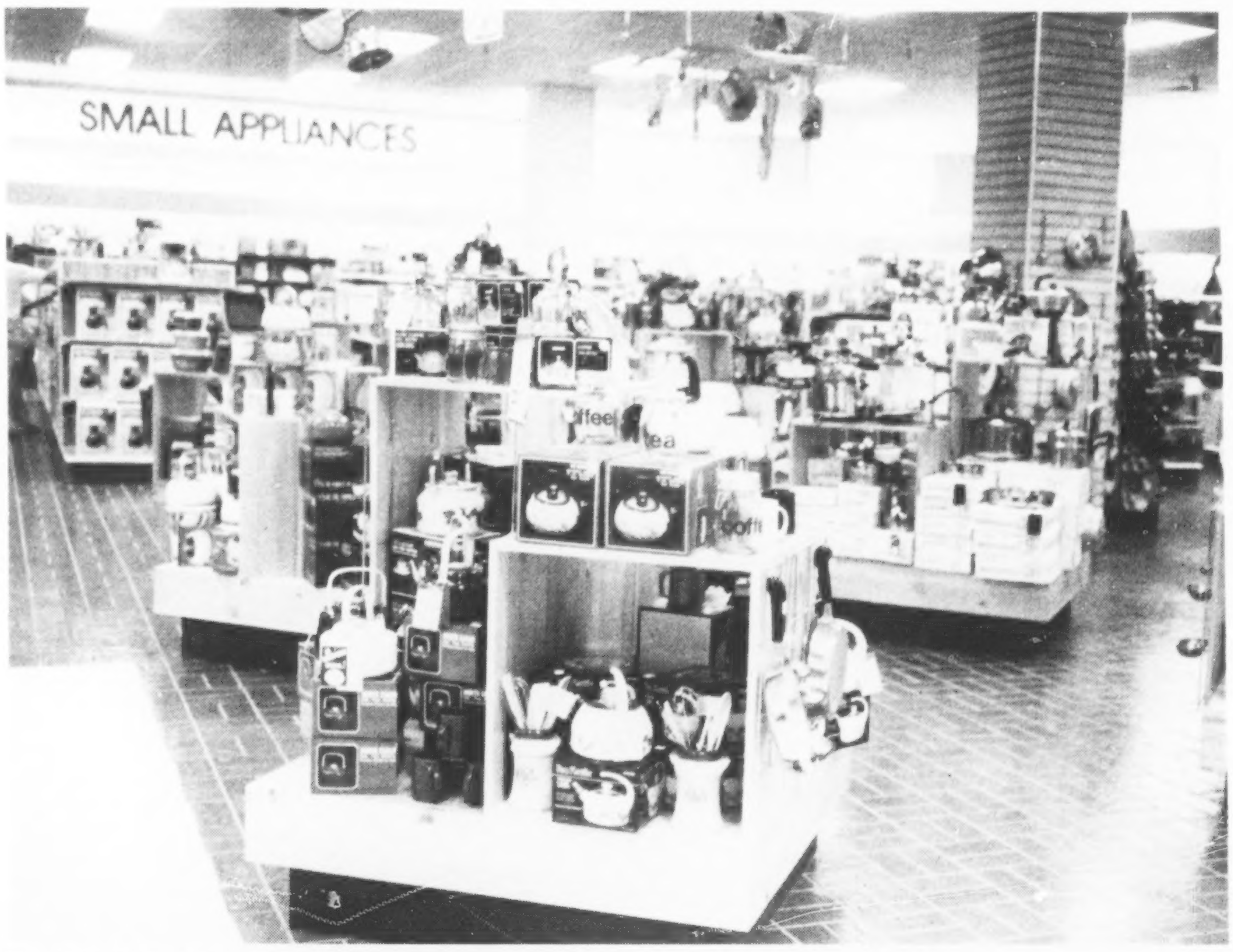
The byword is cross-merchandising.

Wal-Mart and AIM for the best Stores are among the discount stores which have successfully remerchandised microwave ovens and add-on items.

Wal-Mart projected a 100% increase in the chain's microwave oven sales this year, and a 75% jump in accessory sales. The chain also anticipates $350 to $500 sales per square foot from the ovens and accessories—including carts and cookware—substantially above the chain's average.

To achieve these goals, Wal-Mart, in addition to displaying ovens with other appliances, has placed a new fixture on the promotional aisle showing cookware, ovens and accessories in its larger stores. The fixture was developed by the chain along with vendors including Whirlpool, Panasonic and Anchor Hocking.

The arrangement offers the merchandise high visibility and consumers self-service.



The first of Caldor's Baltimore stores, in the Golden Ring Mall, shows the chain's familiar housewares department decor: natural wood display cubes, brick-pattern floors, wood-covered support columns and pots hanging from overhead gridwork displays. *(DSN photo)*

Mars' Earnings Leap in Quarter

NEW BEDFORD, Mass.—Mars Stores reported record net earnings for 1983's second quarter of $233,407, or 19¢ per share, compared to $37,880 or 4¢ per share for the same period last year.

INTRODUCING THE GREAT WALL OF WESTCLOX

New from Westclox. A dozen wall clocks with the accuracy of quartz. The Country Quartz series offers nostalgic charm, while the Classic Contemporary series features sophisticated slim line styling. Look for them, along with our latest entries in the electric alarm, digital alarm, and clock radio categories.

And look for competitive price points, aggressive advertising and merchandising support, plus our budget-extending Blockbuster co-op program.

New products. Popular prices. Dynamic promotions. Use them to make your sales volume climb as the Westclox Prime Time year continues.

Westclox leads the way to good times.™

Visit our booth #4362-4365 at the Housewares Show and ask about our show specials.

WESTCLOX® U.S. by Talley Industries

Toy Sales Gain as Video Games Soften

BOXSCORE

Toys

Discount Store Sales	$3.7 Billion
Sales per Store	$457,000
Department Size	2,500 Sq. Ft.
Annual Sales per Sq. Ft.	$183
Annual Turns	3.2
Initial Markup	35.0%
Gross Margin	27.7%

GRAND OPENING
simon
super simon
Crayola

The high growth experienced by CE has been translated to the toy department via electronic toys, which are showing healthy volume. Jamesway's Flemington, N.J., store uses an endcap to feature one of its offerings.
(DSN photo)

Nationwide DSN Report

With video games no longer strong enough to steal their thunder, discount store toy departments are experiencing a rebirth of sales.

In addition to the shrinking video game market, the uptrend is based largely on the excitement from action figures, several hot new licenses—including Care Bears, Cabbage Patch and Return of the Jedi—and the general economic recovery, retailers agree.

In fact, discount store sales in the toy category are up 5.7%, due to reach $3.7 billion this year compared to last year's $3.5 billion. Projected average per-store sales for 1983 of $457,000 reflect an 8.3% hop over last year, according to *DSN* estimates.

Buyers at chains nationwide—including Gold Circle, Murphy's Mart, Nichols, Play World and Heck's—all described 1983 as a much brighter toy year than 1982, which many deemed one of the toughest in toy industry history.

The Reason Why

"The softening in the video market is starting to return some dollars back to traditional toy categories," said Neil Kaufmann, toy buyer for Gold Circle, Worthington, Ohio. "Plus, the trend manufacturers are developing toward more licenses and lower-end items should give toys a big push this season."

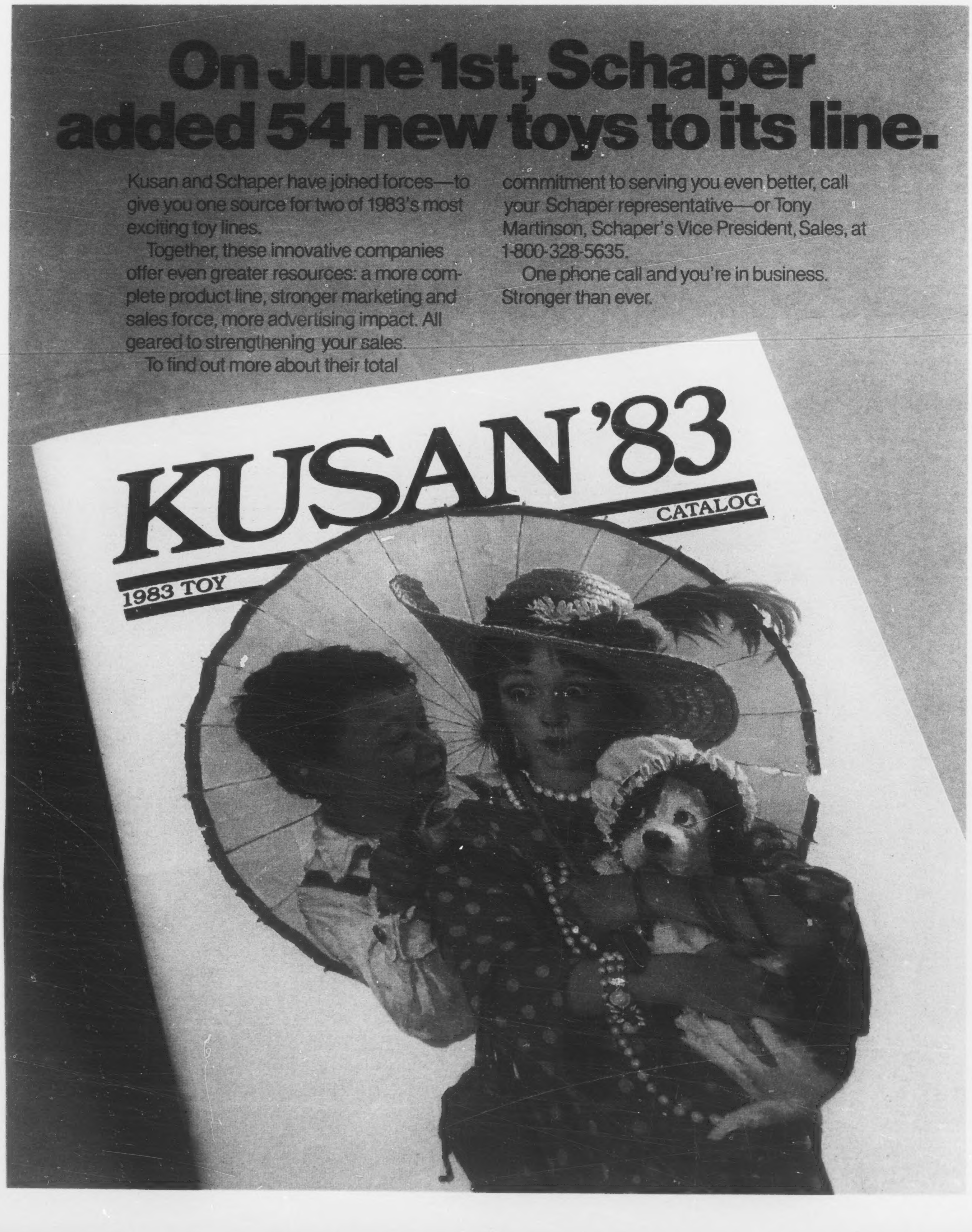
Indeed, fantasy figures—priced generally between $2 and $5—are helping to push the toy business out of the doldrums this year.

At McKeesport, Pa.-based Murphy's Mart, buyer Gerald Fronk is optimistic about the year mainly because of the number of "categories of merchandise—like Mattel's Masters of the Universe line and Hasbro's G.I. Joe assortment—that are out rather than just single items."

"This is the year for toys under $10," stated Fronk, suggesting anything over that price has to be heavily promoted on TV. He believes toys with $20 and $30 price tags are "a thing of the past."

At Heck's, buyer Robert Kuhns has committed heavily to fantasy figures for 1983. He is carrying 19 sku's of the Mas-

(Continued on page 85)


On June 1st, Schaper added 54 new toys to its line.

Kusan and Schaper have joined forces—to give you one source for two of 1983's most exciting toy lines.

Together, these innovative companies offer even greater resources: a more complete product line, stronger marketing and sales force, more advertising impact. All geared to strengthening your sales.

To find out more about their total commitment to serving you even better, call your Schaper representative—or Tony Martinson, Schaper's Vice President, Sales, at 1-800-328-5635.

One phone call and you're in business. Stronger than ever.

Toys

(Continued from page 84)

ters collection, including three assortments of figures. He is also stocking four sku's of the Dungeons and Dragons line and is adding nine sku's to his G.I. Joe lineup, which will now total 13. However, he doesn't expect the military category to perform as well as the fantasy toys.

One toy category that is starting to make a comeback this year, after a treacherous 1981 and 1982, when sales fell 11%, to $774 million, is board games.

Related to Other Move

Buyer Steve Springer at Ames expects to see as much as a 15% increase in this area for 1983, although sales have only risen gradually during the pre-Christmas season. He believes "interest in board games is growing inversely to the diminishing appeal of video games."

In contrast, the board game prospect is less promising at Murphy's Mart, according to an official for the chain. He projected a maximum 2% sales gain by year's end and pointed to his 38-title lineup, which marks a 10% cut from last year.

Board game gross margins at Murphy's Mart run 20% to 30%, and range in price from $5.99 to $14.99. Games like Monopoly and Risk are sold below cost in some markets, the spokesman pointed out, adding, "They're no longer effective loss leaders since everyone sells them at low prices."

At Play World, the Greenman Bros.-owned toy specialty chain with nine metro New York stores, president Stewart Katz also noted a slight uptrend in board games and hobby sales. A freestanding toy operation, the company didn't trim board game sku's to the extent many full-line discounters have.

Fishers Big Wheel, for instance, sliced board game assortments 25% in 1982, and another 25% to 30% this year, according to buyer Mike Sadler. The area, which occupied 28 ft. a year ago, was pared down to 12 or 16 ft. this spring.

Licenses, meanwhile, continue to be a boon to almost every toy category, including board games.

Places Bets

For example, at the 79-unit Child World, a chain official expects strong sales from licensed games like Care Bears, Qbert and Shadow Lord. Every board game on the market is stocked by the Avon, Mass., specialty retailer.

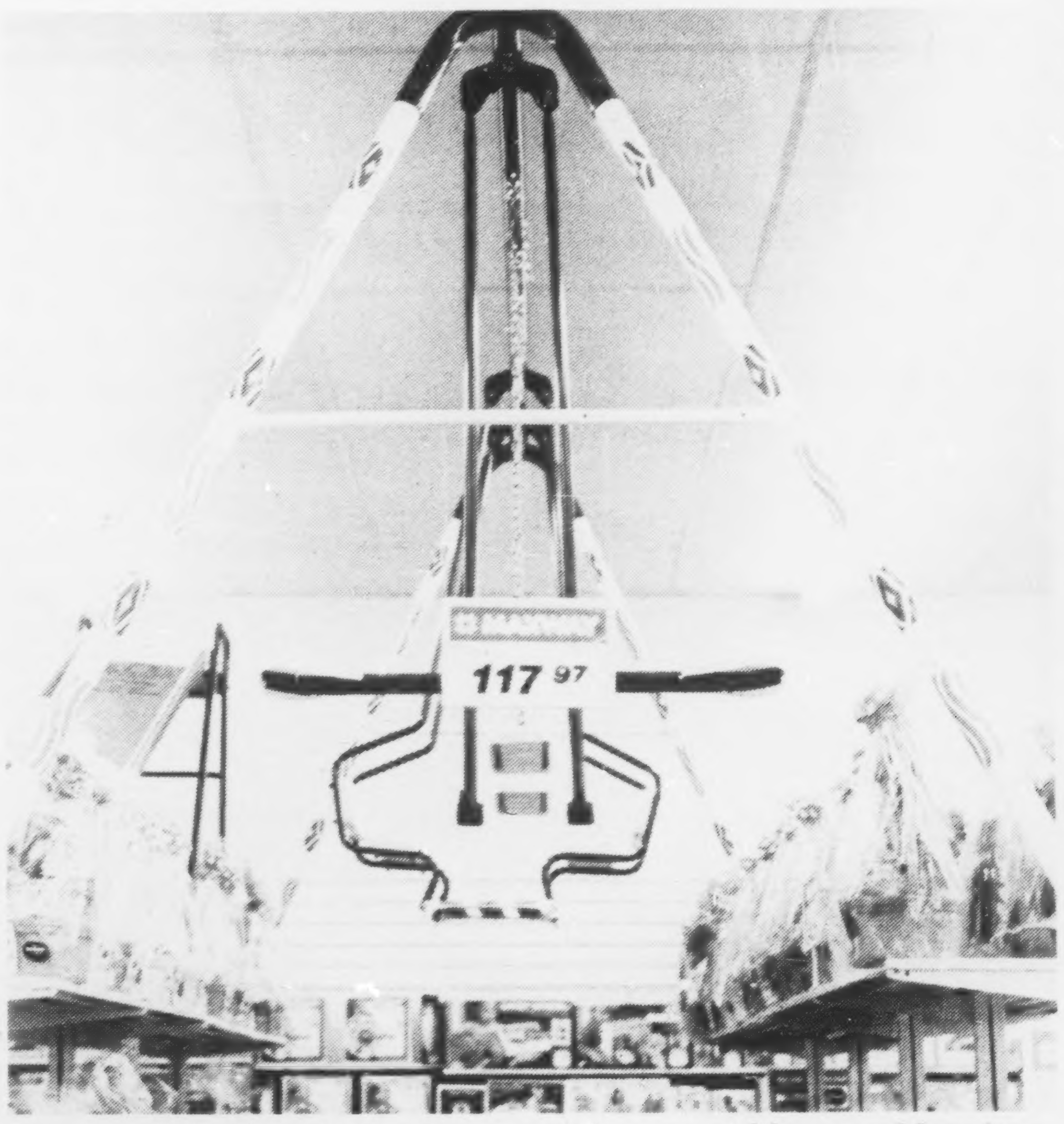
For girls, Coleco's new Cabbage Patch doll and license are injecting sales life into what otherwise has become a relatively soft end of the toy business.

Gold Circle's Kaufmann expressed "a lot of excitement" for Cabbage Patch, which retails for about $25. However, he expects when the excitement settles Baby Strawberry Shortcake will be the year's top seller as it was in 1982.

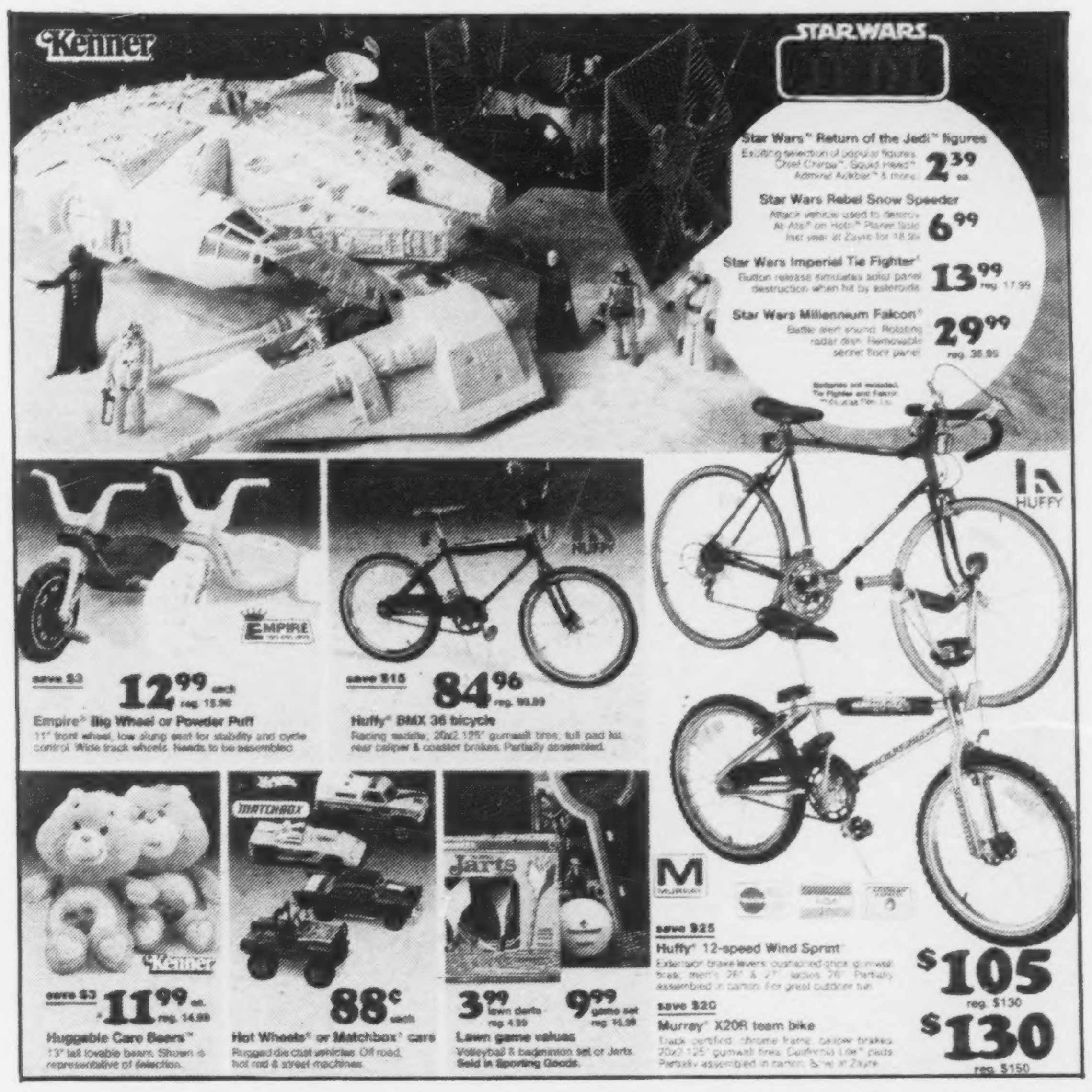
Heck's Kuhns, however, is buying Cabbage Patch lightly until it proves itself in his markets. He said TV dollars, which usually sell for over the $20 price mark, were "terrible" in the chain's depressed markets in 1982. In response, he cut the category 50% to 60% this year.

The only doll Kuhns and many other discounters are certain they can count on is Barbie.

"She is the only thing holding the doll business together," he said.



A swingset is placed atop two gondola runs at Maxway, Manchester, Ga., to maximize space on the toy department's sales floor. It is priced at $117.97. *(DSN photo)*


Kenner
STAR WARS
Star Wars Return of the Jedi figures 2.39
Star Wars Rebel Snow Speeder 6.99
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Star Wars Millennium Falcon 29.99 reg. 36.99
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save $15 84.96
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Kenner
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9.99 game set
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save $25
Huffy 12-speed Wind Sprint
$105 reg. $130
save $20
Murray X20R team bike
$130 reg. $150

Licensed products continue to dominate many areas of the toy category. Pictured is a recent Zayre circular with licenses like Return of the Jedi action figures and Care Bears covering the page. *(DSN photo)*

We're coming out of our shell...

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10% Sales Increase Projected For Year

BOXSCORE

Jewelry

Discount Store Sales	$1.2 Billion
Sales per Store	$136,000
Department Size	550 Sq. Ft.
Annual Sales per Sq. Ft.	$247
Annual Turns	2.7
Initial Markup	49.0%
Gross Margin	42.0%

Illustrating the re-emergence of costume jewelry, Bradlees highlights pop-colored enamel earrings at its Annandale, Va., unit. Fashion jewelry was among the season's best-sellers at many discounters. *(DSN photo)*

Nationwide DSN Report

Gold certainly hasn't lost its glitter, and, with assistance from a costume jewelry resurrection and solid watch business, jewelry sales are projected to increase 10% this year.

With annual department turns rising slightly this year to 2.7 from 2.5 in 1982, and margins remaining stable, total sales are climbing to $1.2 billion as many chains continue to accent the higher end of the price range, restocking inventories with fine jewelry.

This emphasis on fine is a healthy margin booster and adds to the continuous upscale movement of many discounters.

"Jewelry has always been an outstanding category for us," said a spokesman for K mart, adding that the chain now stocks more fine jewelry than ever before.

"We've adjusted our assortment, making the move into the higher end, gambling that the economy will continue its recovery. People are buying luxury items again," explained the spokesman.

New Approach

Rose's, the North Carolina-based discounter, recently finished an upscale reorganization of the jewelry area including the addition of new showcases and introduction of some higher-priced merchandise.

"Our fine jewelry now accounts for over 50% of the whole department," said Tom Kirby, buyer for the chain.

Ames has followed a similar strategy.

"Since the company took over operation of the department from our lessee we've remodeled 60%-70% of our jewelry departments and moved them out to the front of our stores," said Don Martinetti, buyer for the Northeastern discounter.

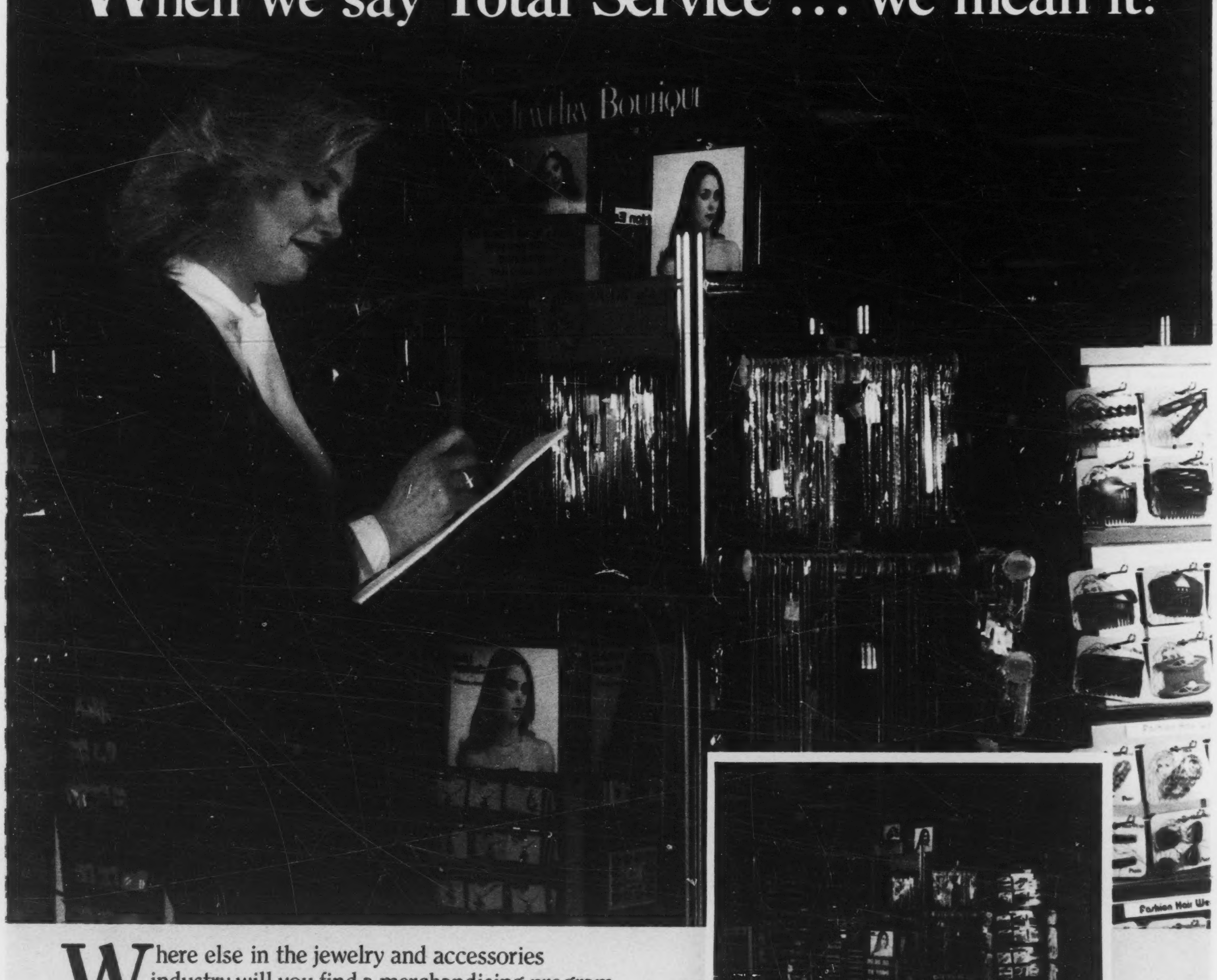
In addition to remodeling programs, there's been a shift in jewelry advertising from price point to item, especially with 14k gold. Caldor, Smitty's and Murphy's Mart are among chains that have highlighted 14k and diamonds throughout the year.

"When people see 14k anything, it does something to them," said Jack Deitte, buyer for Prange Way.

Not everyone has fared well

(Continued on page 125)

When we say Total Service ... we mean it!



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Limited Mix, Aggressive Pricing Still Rule

Nationwide DSN Report

For discount chains, the quest for consumer food dollars will continue to mean turning limited assortments into highly visible traffic-building areas with aggressive pricing and promotions.

Consumables sales aside, the departments are often set by front-end checkouts to beam in shoppers as surely as did the Starship Enterprise. Some chains also sport in-store delis and bakeries, but the majority remain unwilling to make such a major service commitment.

Because thin margins are the rule in food sales—with supermarkets netting less than 1% overall and grossing roughly 18% on the groceries which discounters are most likely to stock—the majority of discount chains cherrypick their selections. They limit their consumables varieties to a small fraction of the supers' typical 8,000 to 25,000 sku's.

That most often means a concentration on product lines marked by frequent in-out promotional offerings by manufacturers. Typically, these are soft drinks, beer, snacks, coffee, candies, condiments and household cleaning chemicals.

This spring, K mart was displaying many of these items prominently by its front-end at a Chicago shopping center, which was co-anchored by a Jewel/Osco combination store.

Similar to K mart, many discounters sell soda successfully from massive displays near checkstands. Others, however, believe that rear-of-store setups are better draws and can act as brakes to limit volume during "hot" sales periods.

Strengths Examined

Overall, soda ranks as a top food performer, turning 70 times a year with 20% margins at discount chains.

By buying and displaying "deal" items in large volumes, discounters like Target, Venture, Heck's and Murphy's Mart achieve high turns and quick sell-through. Their common strategy: advertise some consumables to yeild 5% gross margins, and display them in promotional aisles, while setting the rest in gondolas at 10%-20% margins. This tactic helps chains to build traffic.

Each of these chains has expanded assortments of grocery products during the past two years. But that assortment changes constantly, depending on which deals are available.

Heck's, for instance, is buying 95% of its groceries on deal this year. The chain displays them in permanent 28- 48-ft. gondola runs, plus stackout promotions.

To boost exposure of its consumables, the 114-store Nitro, W. Va.-based chain is hiking the department's ad space in circulars by 50% in 1983. It will tout weekly specials instead of monthly promotions and will price the specials sharply to generate 5% margins.

At 25-store Harts, which is owned by the Big Bear supermarket chain, Columbus, Ohio, 75 sku's of consumables are generally stocked in 20- 40-ft. sections. In addition, the chain advertises six food specials twice a month.

Murphy's Mart promotes household cleaning chemicals every month—twice the pace of last year—and stocks detergents on an everyday basis in 5- 7½-ft. gondola runs.

In paper goods, discount chains such as Danners count on fast movement of sharply priced name brands to offset low margins. In the Lebanon, Ind., store, Danners included an off-brand paper towel that offers better margins.

Ames is among discounters finding it profitable to offer more than candy and nuts in their snack sections. In the Westfield, Mass., store, the selection includes natural herb teas and party crackers.
(DSN photos)

7 601 610
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Growing Role of Fashion Boosts Volume

BOXSCORE

Stationery

• Discount Store Sales	$1.8 Billion
• Sales per Store	$223,000
• Department Size	1,800 Sq. Ft.
• Annual Sales per Sq. Ft.	$124
• Annual Turns	3.1
• Initial Markup	42.1%
• Gross Margin	39.0%

It's Schoo. time!

The influence of style has many stores revving up their stationery presentations, including Bradlee s, Annandale, Va. High-end assortment of boxed envelopes, writing paper and pads is evidence of the chain's extended fashion statement. *(DSN pnoto)*

Nationwide DSN Report

The mounting importance of fashion in stationery categories has discounters racking up double-digit sales gains.

Industrywide, chains are expecting a volume increase of 12.5% from the department.

Buyers' main tactic for reaching those volume projections is reacting to the fashion trends in the market: stocking a variety of winning licenses in greeting cards and school supplies and a selection of colors in home/office and adult stationery.

By tapping consumer demand for those often higher-ticket items, discounters predict a 15.8% rise in sales per square foot for 1983. For most chains, however, department size and turns are flat. With increased price competition on basics such as filler paper and two-drawer metal files, both initial markup and gross margin have slipped.

New Moves

Bradlees is one chain whose overall fashion accent was extended into stationery this year. At the Annandale, Va., store, which was unveiled last month, the chain used a new 12-color line of adult stationery as a lead-in to the department. Packs of envelopes and letter paper sealed in clear plastic pouches were pegged on a slat-backed, T-shaped gondola and given floor space on a main traffic aisle.

At Zayre, pastel colors proved to be a hot feature in adult stationery. Earlier in the year, 25-count boxes of pastel colored envelopes and matching ½-lb. pads of writing paper were among the fastest movers.

But, home office is the category where colors are making the strongest impact. This year buyers at Prange-Way, Gold Circle, Cook United and Fishers Big Wheel all broadened the spectrum of colors in their assortments.

Zayre, which had already stocked colors of file cabinets, metal security boxes and desk accessories, featured its color assortments in ads for the first time this year.

At Gold Circle desk lamps were dropped to clear out space for a six-color assortment of desk caddies, pen holders and other accessories. At the start of spring, putty was the best-

(Continued on page 125)

BICYCLE,
America's best selling playing card, enters the world's greatest athletic event.

The world's greatest athletic event is about to take place, the 1984 Summer Olympic Games in Los Angeles. And BICYCLE, America's best selling playing card will be a part of the excitement, the athletic achievements and the pride of hosting this first Summer Olympiad on American soil since 1932.

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In addition to BICYCLE, U.S.P.C. is offering three other Olympic playing cards:

- Congress Mint Editions "Olympic Gold"
- "The Olympians"—original art pictorials
- "Sam the Olympic Eagle"—the Official Olympics Mascot, featured on children's playing cards

All sporting Olympic designs your customers will treasure!

Support for the 1984 Summer Olympics is already producing record results for dozens of businesses at home and abroad. So dealing these Olympic playing cards is a golden opportunity you won't want to miss!

Isn't it about time you put *your* foot in the running? Contact your area representative today, for details on U.S.P.C.'s complete Olympic line.

BICYCLE
PLAYING CARDS

Games of the XXIIIrd Olympiad Los Angeles 1984

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Chains Reshape, Remerchandise Depts.

Domestics

BOXSCORE

Discount Store Sales	$2.8 Billion
Sales per Store	$346,000
Department Size	3,130 Sq. Ft.
Annual Sales per Sq. Ft.	$111
Annual Turns	2.8
Initial Markup	43.0%
Gross Margin	34.3%

At Ames, Westfield, Mass., coordinated towel sets are displayed on a colorful gondola run, indicative of the upscale mass-merchandising look that has helped boost discount store domestics sales this year.
(DSN photo)

Nationwide DSN Report

Many of the nation's discounters are reshaping and remerchandising their domestics departments this year.

With industrywide sales rising 12% they seem to be hitting the mark.

Discount department store sales in the category are expected to hit $2.8 billion this year, compared to the previous year's $2.5 billion. Sales per store are rising $45,000, to reach $346,000 for the year.

Discounters including Bradlees, Gold Circle and Nichols have all embarked upon new upscale strategies in domestics, with exciting results, so far.

Gold Circle recently took a bold stride when it reportedly became one of the first companies to offer top-quality, high-margin sheets with a 200-thread count.

In a recent four-color ad, the Worthington, Ohio-based discount chain introduced its new luxury percale sheet sets—Bibb's High Society—for $19.99, $29.99 and $39.99. These represent price points for twin-, full- and queen-size sheets, respectively.

Increased Sales

Gold Circle's Steve Fishman, vp/dmm soft home, reported sales were up 25% to 30% over company expectations. The program is currently in a five-month test phase, but Fishman said he is "looking to expand."

Bradlees, meantime, unveiled its new merchandising concepts this year, most strikingly in East Hanover, N.J. The home-store concept, which places great emphasis on ambience, has revolutionized the presentation of the chain's domestic categories.

The products within the category are now divided into separate mini-shops. There is the Bath Shop, first introduced in the New London, Conn., store, which features color coordinated towels, rugs, shower curtains and accessories.

Traditional domestics are placed in an area called Bed Time. It includes items like comforters, sheets and blankets.

Following the dictum that merchandise should be shown in the store the same way it would appear in the home, The Living Shop area cross mer-

(Continued on page 123)

IMPROVED, PENETRATING
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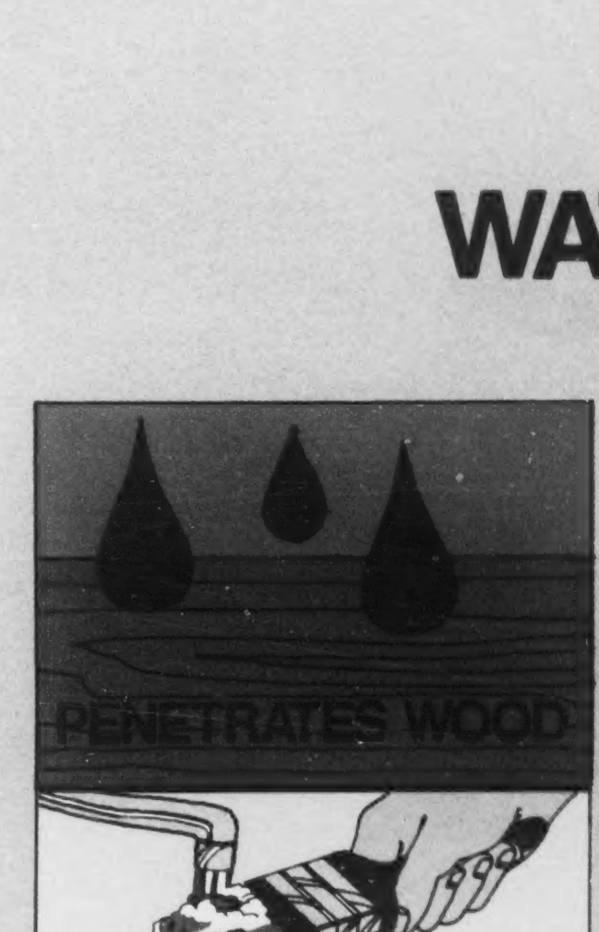
OIL BASE
WATER CLEAN UP

United States map indicates range of Deft Wood Stain colors available.

with
WATER CLEAN UP



Deft Research chemists have developed a penetrating *oil based* stain that cleans up with water! This remarkable new wood stain offers the best of both worlds: The rich, natural beauty of a penetrating oil based stain, and the delightful convenience of water clean up.

From start to finish Deft's new penetrating oil stain is user friendly: long open time (dries in one hour). Non-lapping. Deep, clear transparent colors. Non-flammable. Low odor. Stains both interior and exterior unfinished wood (including marine) when protected with a Deft clear finish.

Deft Wood Stain has all the features your customers want, all the promotional aids that make a wood stain easy to sell. Ask for a demonstration and see for yourself.

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DEFT didn't invent wood stain . . . we just perfected it.

High-Ticket Successes Build Optimism

Ease of use and a growing number of features have many stores—such as Mars, Chicopee, Mass.—pushing outdoor gas grills with solid success. Price points are being pushed also, with many topping the $200 mark. *(DSN photo)*

5-PC. OUTDOOR SEATING GROUP
199.99

The L&G trend has been toward higher-ticket items, such as this California redwood grouping with colorful flowered cushions, seen at Caldor's Lake Ronkonkoma, N.Y., store. *(DSN photo)*

Nationwide DSN Report

Discount store lawn and garden buyers are confident next year's season will be as green as this year's has proven to be, despite the soggy start it had due to the very wet spring.

At the root of optimistic lawn and garden forecasts is the spurt in sales of high-ticket merchandise this year, particularly, patio furniture and gas grills. This tradeup trend is expected to bloom even brighter in 1984, according to industry watchers.

Additionally, the development of a longer selling season has proven to be another sales booster for the category. Many northern state retailers have started planting goods in their seasonal areas in early March, one-and-a-half months earlier than usual, because of mild weather trends, pointed out a major Midwestern distributor, who expects this trend to continue next year.

With consumer confidence increasing thanks to the economic recovery in most markets, discounters report high-fashion, high-priced PVC piped patio furniture sets are dramatically changing the nature of their outdoor furniture areas.

These new groupings—with earthtone, blue, brown, red or yellow cushions—are adding extra-fashion potential to the departments, concur buyers.

High-end Item

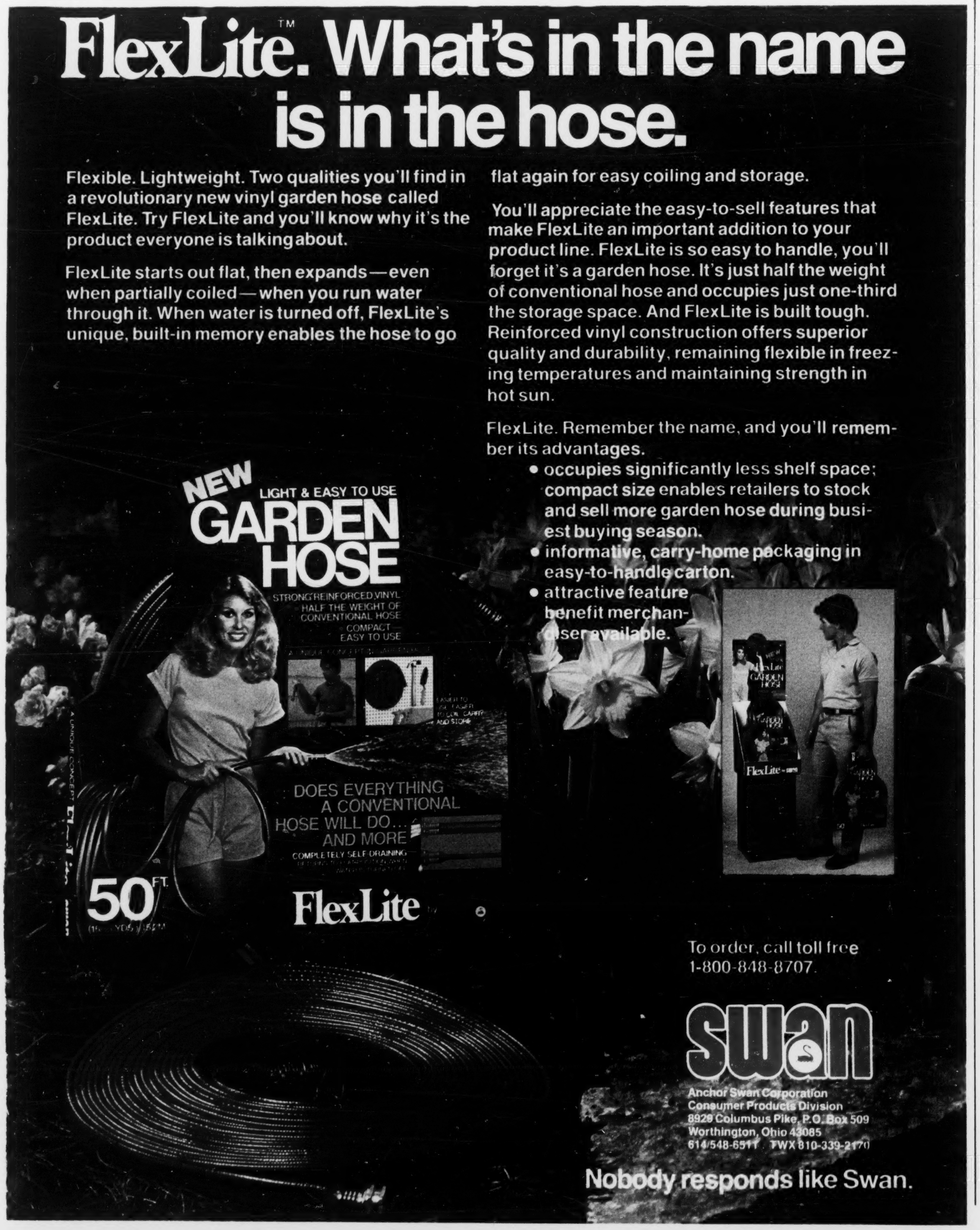
They carry hefty price tags, averaging from $175 to $200. Some chains, in fact, have already begun to reach even higher price points with upscaler Bradlees boasting a $500 price tag in its mix.

At last month's annual hardware show in Chicago, discount store buyers were focusing on color selection for their 1984 PVC plastic patio furniture assortments. Blue and burgundy cushions on white or off-white furniture were among the show's most popular palettes.

Jamesway's buyer plans to add more colors to his PVC lineup for 1984, probably blue or brown, he said. This season the Secaucus, N.J.-based retailer offered five patio-set sku's, ranging in price from $89.99 to $249.

While Wal-Mart, the Bentonville, Ark.-based operation, didn't have its 1984 program in

(Continued on page 123)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LIGHT & EASY TO USE
GARDEN HOSE
STRONG REINFORCED VINYL
HALF THE WEIGHT OF CONVENTIONAL HOSE
COMPACT
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EASIER TO USE EASIER TO COIL CARRY AND STORE
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FlexLite GARDEN HOSE

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Flexible. Lightweight. Two qualities you'll find in a revolutionary new vinyl garden hose called FlexLite. Try FlexLite and you'll know why it's the product everyone is talking about.

FlexLite starts out flat, then expands—even when partially coiled—when you run water through it. When water is turned off, FlexLite's unique, built-in memory enables the hose to go flat again for easy coiling and storage.

You'll appreciate the easy-to-sell features that make FlexLite an important addition to your product line. FlexLite is so easy to handle, you'll forget it's a garden hose. It's just half the weight of conventional hose and occupies just one-third the storage space. And FlexLite is built tough. Reinforced vinyl construction offers superior quality and durability, remaining flexible in freezing temperatures and maintaining strength in hot sun.

FlexLite. Remember the name, and you'll remember its advantages.

- occupies significantly less shelf space; compact size enables retailers to stock and sell more garden hose during busiest buying season.
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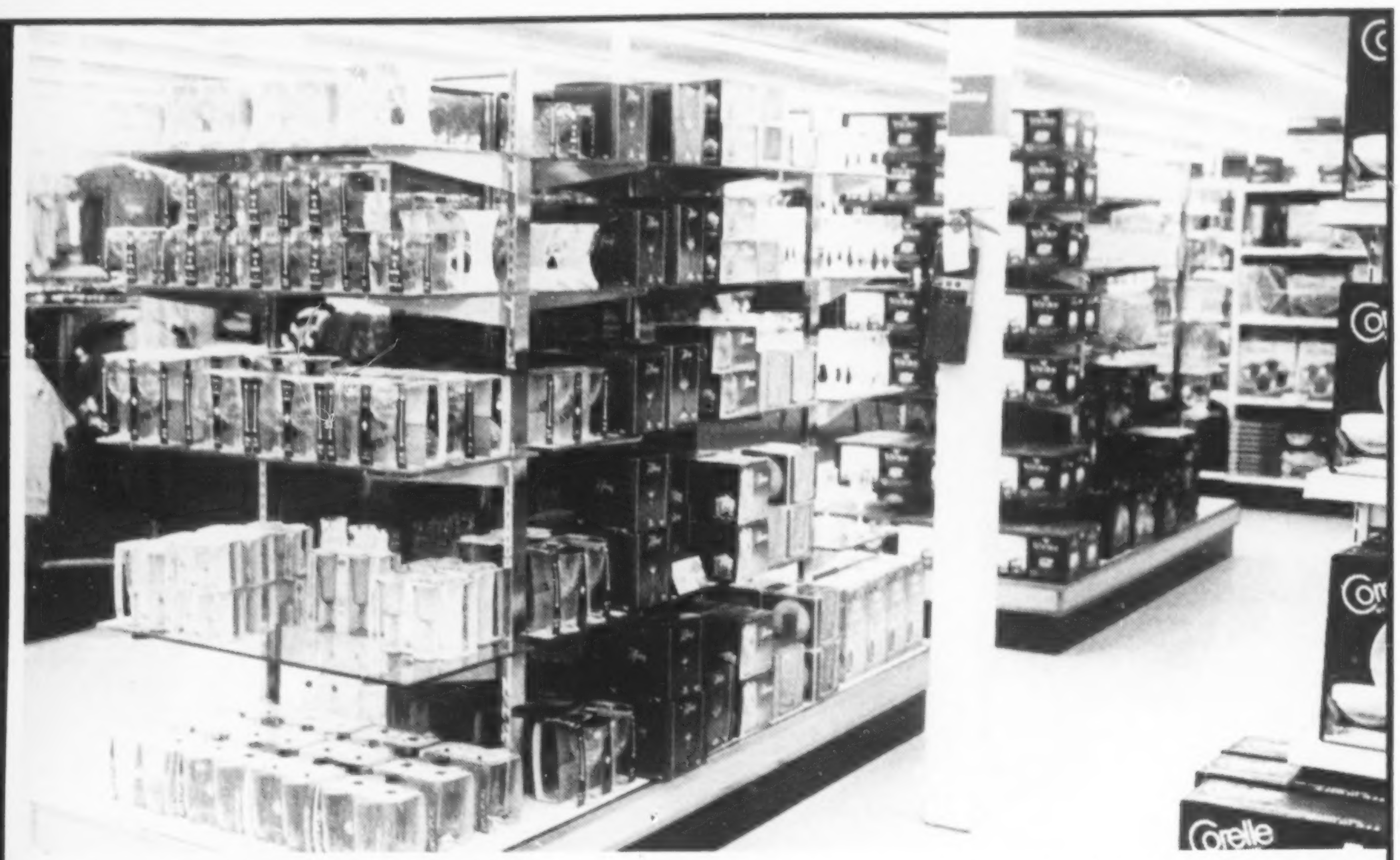
Glassware

BOXSCORE

Discount Store Sales	$0.6 Billion
Sales per Store	$74,000
Department Size	625 Sq. Ft.
Annual Sales per Sq. Ft.	$118
Annual Turns	3.8
Initial Markup	41.0%
Gross Margin	35.2%



At Target, San Diego, Calif., glass stemware—boxed and bulk— is given main aisle treatment on new glass—shelved fixtures. A similar fixture is used for bulk-stock tumblers and glass serving dishes.
(DSN photo)

Nationwide DSN Report

Discounters are bullish about glassware, and with good reason.

Manufacturer competition for discount store shelf space is intense; merchandise is priced and styled right, offering excellent gross margin potential, and customers are responding to expanded and higher-priced assortments.

For 1983 *DSN* projects glassware initial markups at 41%, gross margins of 35.2%, and annual turns of 3.8. In these benchmarks, the category's performance is stronger than that projected for total housewares at 40% markup, 31.5% gross margin and 3.4 turns.

Different Emphasis

One trend emerging this year is a return to selling bulk glassware, particularly among upscale chains. No longer treating bulk merchandise as a price leader, chains like Bradlees and Target are using it for higher-priced merchandise, displayed on new fixturing—not gondola runs.

Bradlees' latest thinking is, in fact, to include bulk glassware on a lighted, glass shelved wall in its new Table Top Shop. The program includes stemware and beverageware with price points up to $5.99.

The Bradlees strategy is unusual in its separation of bulk glassware, in the Table Top Shop, from the 4-pack and multipiece boxed sets which are stocked in another housewares area called Kitchen Gear.

Another Approach

Target hasn't gone that far. Where the housewares presentation has been upgraded, as in its California stores, glassware—bulk and 4-pack—is being displayed together on new glass-shelved fixtures. Stemware is heavily represented

Boxed glassware sets, anywhere from 16 to 24 pieces, have become the promotional mainstay for many chains, which hit this area heaviest during the second-half holiday entertaining season.

Housewares distributors have estimated that boxed sets—sold year-round—may account for as much as 25% of the total glassware business among discounters, compared to only about 5% just four-five years ago.

CHECKOUT
SALE
10% OFF

Mark and Debbie met,

The NCR 1255 Checkout System has nothing against true love, but it won't play Cupid, either. With the 1255, you don't have to put up with slow-moving lines and sluggish productivity.

Because the 1255 is the fastest, most accurate electronic checkout system mass merchandisers can have going for them. With a price lookup speed of 300 milliseconds or less, your lines will zip along—and so will your productivity.

Of course, that's just the beginning. You can link the 1255 checkout terminals to your back office, or into a multi-store network. That makes it easy to gather sales information and schedule labor more effectively. The 1255 will also compute employee discounts and provide electronic funds transfer.

fell in love,

and got engaged while waiting in a checkout line.

If you'd like to add other back-office applications, you can. The 1255 becomes a general purpose computer with the addition of a second processor, using easy-to-understand COBOL.

And should you want to upgrade to OCR or UPC scanning, you have that option.

You're sure to love the modular system that's used in more checkouts than any other. For information, call your NCR representative. Or write to Mass Merchandise Systems, NCR Corporation, Box 606, Dayton, Ohio 45401 for a free brochure.

NCR
99 Years Experience
in Business Systems

Cassette Tapes Edge Past LP Records

Records & Tapes

BOXSCORE

- Discount Store Sales .. $1.9 Billion
- Sales per Store $235,000
- Department Size .... 1,050 Sq. Ft.
- Annual Sales per Sq. Ft. $224
- Annual Turns 3.3
- Initial Markup 25.0%
- Gross Margin 23.2%

sight & sound
best sellers
TOP HIT #1
TOP HIT #2
AS ADVERTISE
6.99
ALBUM OF THE MONTH
TOP HIT #3
TOP HIT #4
TOP HIT #5
TOP HIT #6
TOP HIT #7
TOP HIT #8
TOP HIT #9
TOP HIT #10

Cassette tapes are taking a larger and larger portion of the space allocated for prerecorded music at many stores, such as Zayre, Lyons, Ill. LPs, in some instances, are being limited to the hits. *(DSN photo)*

Special DSN Report

The music industry may have picked up the beat a bit by injecting hit product and new delivery into the market's mainstream but discounters remain cautious as their record and tape department sales generally stay flat.

A rash of hit recordings by new artists in recent months has generated new enthusiasm for prerecorded music. Additionally, cable TV with channels such as Music Television (MTV) has emerged as a forceful delivery system—paralleling FM's emergence in the early 60's, according to its proponents.

However, a moderate upturn in LP sales hasn't been enough to turn the tide. Many chains have continued to hedge their bets by gearing merchandising strategies toward cassette tapes.

Shifting Gears

The resulting shift in the product mix between records and tapes has been dramatic—in many cases, reversing—as discounters attempt to drive the market. Cassettes now account for more than 50% of many assortments.

Cassette success is underscored by Stuart Schaeffer, vp, treasurer of Handelman's, one of the largest rack jobbers for discount stores.

"The boom in Walkman's and other personal hardware contributed heavily to the cassette surge. Cassettes are now over half our overall volume," he said.

In an effort to further stimulate sales, chains such as Wal-Mart, Gold Circle and Murphy's Mart instituted an "open tape" policy making cassettes more accessible than in the past.

The tapes are merchandised in hard, plastic, "shrink proof" browsers where consumers can flip through selections conveniently.

An immediate benefit of the "open tape" philosophy is the generation of greater traffic flow.

"Within the past year we've refixtured all of our stores to 'open tape,'" said Dean Sanders, vp, dmm, hard lines, at Wal-Mart. "Tape sales increased 25%-30%."

However, it was unclear what, if any, portion of that increase resulted from Wal-

(Continued on page 123)

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CATEGORY LEADER
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26% Sales Jump Is Projected For Year

Consumer Electronics

BOXSCORE

Discount Store Sales	**$5.4 Billion**
Sales per Store	**$668,000**
Department Size	**2,250 Sq. Ft.**
Annual Sales per Sq. Ft.	**$297**
Annual Turns	**2.9**
Initial Markup	**26.0%**
Gross Margin	**15.7%**

RCA
ATARI
TEXAS INSTRUMENTS
HOME COMPUTER CENTER
BEST SELLERS

Some chains, such as Wal-Mart, are venturing into the computer business slowly. As seen at the chain's Bentonville, Ark., store, the strategy is to build peripherals and software sales. *(DSN photo)*

Nationwide DSN Report

By its very nature, consumer electronics will take larger and quicker strides in its technological evolution—and discounters are poised to keep pace.

Discount store sales in the category are projected to rise to $5.4 billion this year—a nearly 26% jump over last year, when video games were at their peak and home computers were just beginning to show a significant presence in the discounters. Per-store sales are rising nearly 29% to $668,000 from last year's $519,000 average.

Showing the riskier side of the department, however, initial markups and gross margins are falling, while turns are expected to remain constant at 2.9.

Yet, having received their baptism under fire with video games last year, more and more chains are beginning to feel better equipped—if not more comfortable—with home computers, probably the most vibrant and treacherously volatile product categories in their stores.

Current forecasts indicate that video games will continue their slide while the home computers rise to a stronger position.

Problems Seen

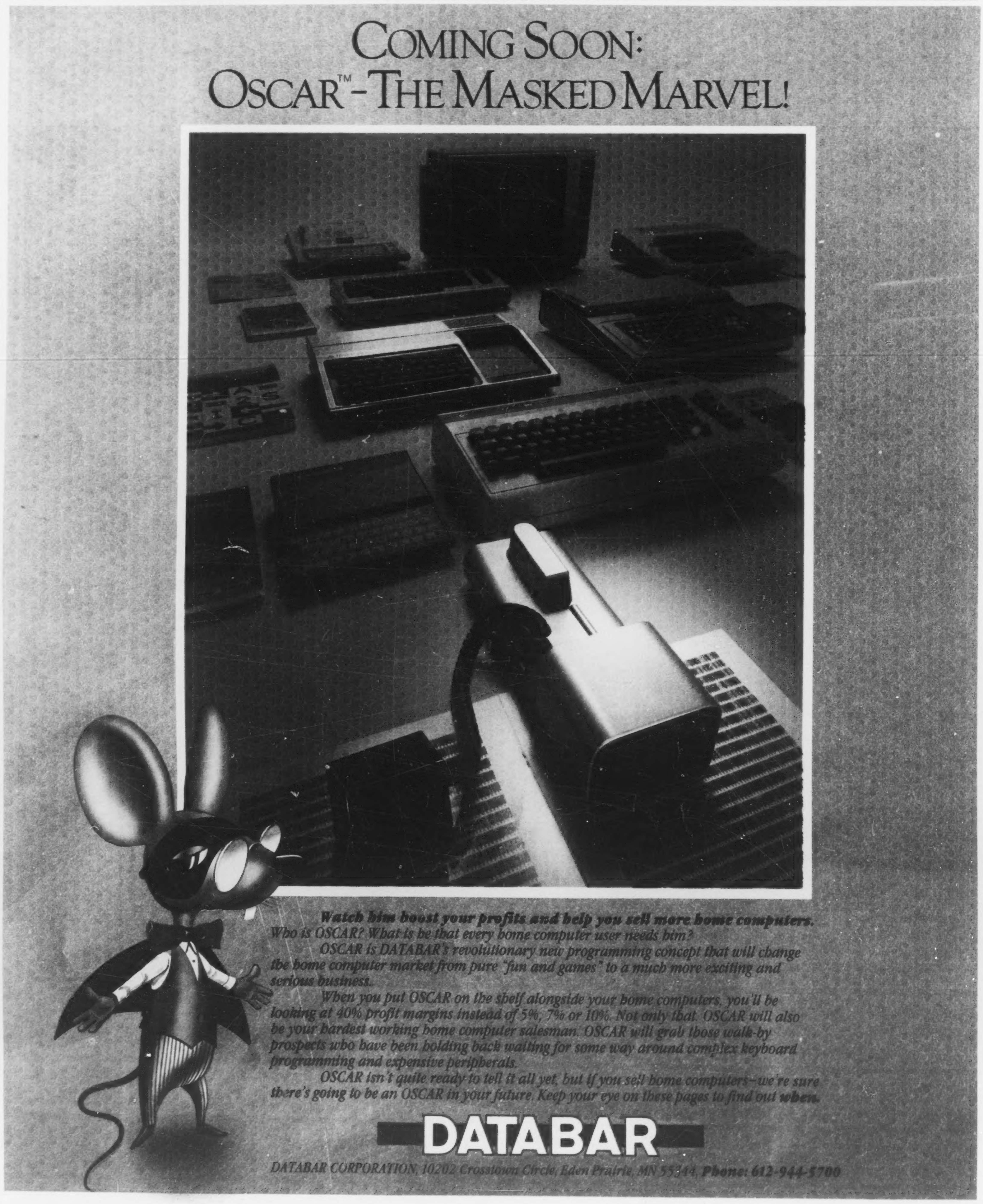
But discounters remain strongly concerned that high-volume sales won't be enough to justify the computers' entry or longevity in their stores. Extreme price competition among the manufacturers and in the retail community itself has robbed computers of their profitability.

As a result, chains that have entered the market have done so with hopes of making their margins on software and peripherals; those that have stayed away believe simply that the market is too difficult in which to succeed.

Bradlees provides a solid example of a third group—those that have opted to enter the home computer market one toe at a time.

The Massachusetts-based chain currently is selling two units at its stores in Boston and newly opened Washington market. But for several months prior to the current test, the chain dropped its single sku believing the market to be too dangerous.

(Continued on page 109)



Watch him boost your profits and help you sell more home computers.

Who is OSCAR? What is he that every home computer user needs him?

OSCAR is DATABAR's revolutionary new programming concept that will change the home computer market from pure "fun and games" to a much more exciting and serious business.

When you put OSCAR on the shelf alongside your home computers, you'll be looking at 40% profit margins instead of 5%, 7% or 10%. Not only that. OSCAR will also be your hardest working home computer salesman. OSCAR will grab those walk-by prospects who have been holding back waiting for some way around complex keyboard programming and expensive peripherals.

OSCAR isn't quite ready to tell it all yet, but if you sell home computers—we're sure there's going to be an OSCAR in your future. Keep your eye on these pages to find out ***when.***

DATABAR CORPORATION, 10202 Crosstown Circle, Eden Prairie, MN 55344, ***Phone: 612-944-5700***

Buyers Lay Bets on 'Adult' Brand Names

Fall infants' knit sets were on the selling floor for Caldor's Ronkonkoma, L.I., opening in June. Featured were a two-pc. hooded set (right) from the Phillipines at $17.99 and a three-pc. set from Japan (left) at $11.99. *(DSN photo)*

4.99
Reg. 7.99
jordache coveralls
1.99
Infants'

Brand names have found their way into all discounters' apparel departments, including infants' wear. Bradlees' Washington-area stores opened with a $4.99 promo price on Jordache coveralls, regularly $7.99. *(DSN photo)*

Nationwide DSN Report

Discounters are laying their bets on brand names that carry adult-size clout to ignite future sales gains in children's wear.

In more and more stores, Strawberry Shortcake and Smurf have disappeared, and Izod Lacoste, Jordache and Lee and Levi's jeans are taking hold.

Taking their lead from adult active wear in both look and labels—like Members Only in men's wear—chains are making changes in time for fall '83. Both Bradlees and K mart, for example, are stocking striped knit tops and elastic waist pants with side piping bearing labels that read Infants Only, Toddlers Only and Girls Only.

The winning looks are pint-sized versions of what grown-ups are wearing—fleece, active wear and jeans.

For girls, striped ruffled minis and leg warmers, echoing women's dancewear assortments, are fashion offerings for fall.

Quality Plus Price

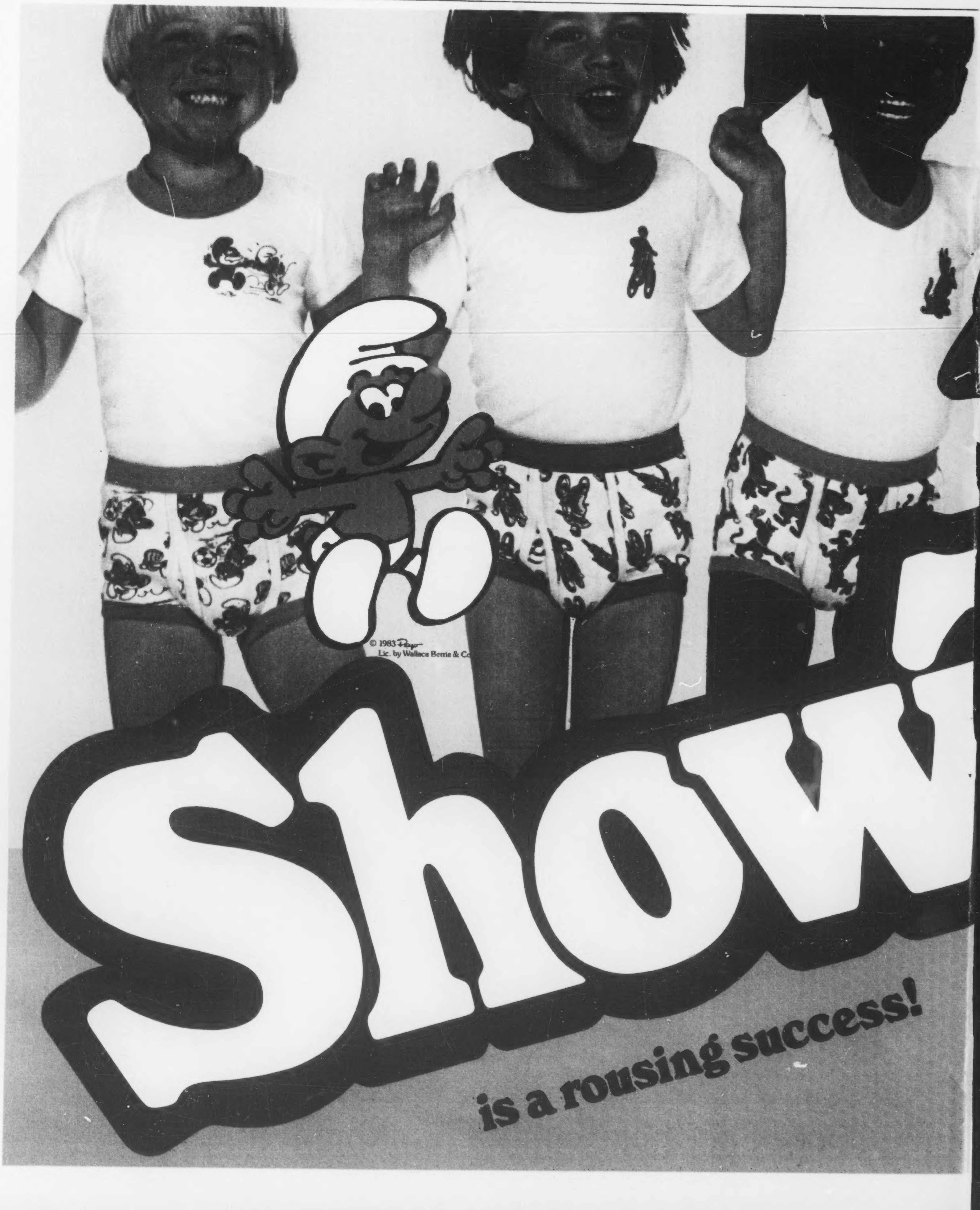
And that's what chains are promoting. To lure moms shopping for girls' sizes seven to 14, K mart offered Vanderbilt, Jordache and Bonjour jeans for girls at BTS. Gold Circle advertised Calvin Klein and Jordache jeans for girls for fall '83.

A number of discount chains, including Clover, Murphy's Mart and Bradlees are playing up Lee jeans for big girls and in some cases for toddlers as a BTS special this year.

While scaled-down adult fashions were prominent for fall, more basic apparel—although with highly visible brand names such as Garan for older kids, Health Tex and Garanimals—remain as department staples.

Licensed character-emblazoned merchandise, lacking a strong national favorite like Strawberry Shortcake, is essentially less important in the apparel category. But one entry for fall '83—Care Bears coordinates for girls—is getting both ads and floor space play at K mart and Bradlees.

K mart put the Care Bears separates on a circular rack off a main aisle. The assortment included cotton blend pants, tops, overalls and skirts priced from $6.57 for a skirt to $9.96 for girls' overalls.

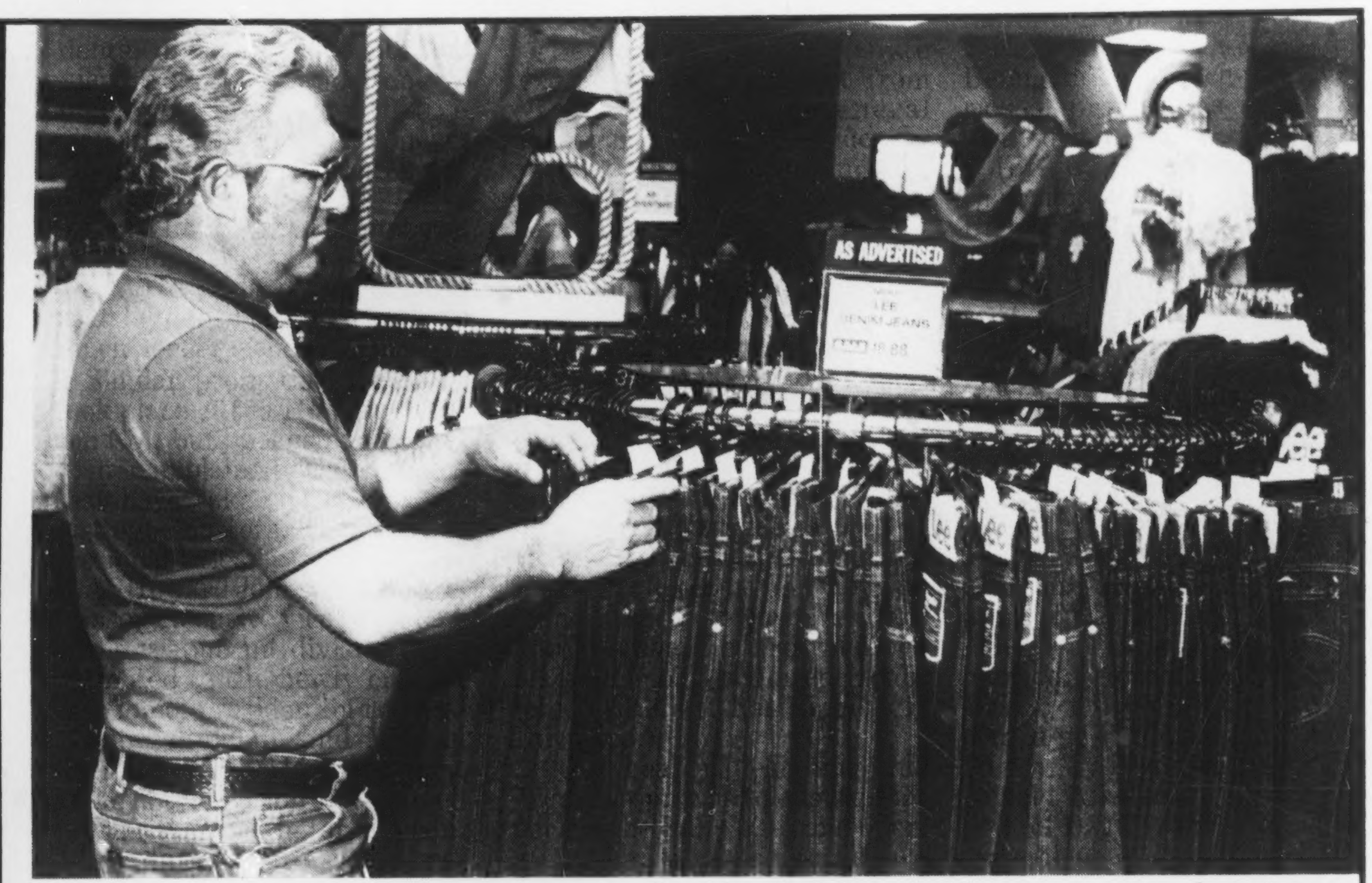


Higher Tickets, Upscaling Swell Volume

Men's & Boys' Wear

BOXSCORE

Discount Store Sales	$7.4 Billion
Sales per Store	$915,000
Department Size	7,610 Sq. Ft.
Annual Sales per Sq. Ft.	$120
Annual Turns	3.2
Initial Markup	45.1%
Gross Margin	35.3%



Caldor's merchants say they use a sharp pencil pricing their branded jeans programs. A customer peruses Lee men's jeans, $16.88 retail, at the opening of Caldor's Ronkonkoma, L.I., store. *(DSN photo)*

Nationwide DSN Report

Men's wear is on the move.

With discounters making assertive fashion statements more often than ever, men's and boys' wear departments are becoming higher-ticket, more upscale and crucial to chain positioning.

As a result, category sales are projected to increase by 12.1% by the end of calendar 1983, contributing 10% of the industry's $73.3 billion in sales.

While average department size is remaining constant this year, sales per square foot are projected to rise to $120 from $105 a year ago.

This growth is coming from improved merchandise presentation, a new emphasis on value-oriented but higher-priced, fashion-sensitive goods—and in some cases, by moving name-brand merchandise into the area.

That emphasis on brand name jeans is becoming more prevalent, as chains like K mart, Murphy's Mart, Fishers Big Wheel, Zodys and Heck's carry assortments from Levi's, Lee or Wrangler rather than private label or imports.

Switches Allegiance

Indeed, K mart is shunting its Challenger private label jeans line, and Sears its Tough Stuff, in favor of brands.

A buyer at Fishers Big Wheel described jeans demand this back-to-school season as for "branded and more branded goods. The Lee patch has become a status symbol."

He expects Lee and Wrangler to introduce more expanded lines.

A Murphy's Mart buyer said its Lee and Wrangler prices are roughly double the $7 price of imports it sold last year. Yet, the chain will do 80%-85% of its boys' jeans volume from the two brands.

Besides jeans, activewear and fleece are hot segments of men's and boys' wear. They're part of the rugged survival look that's expected to boom this fall.

The recent surge in men's and boys' wear has led to more appealing merchandising displays. In addition, folded-table items like men's knit shirts are being de-emphasized in favor of goods that can hang on more waterfall, four-way and multi-level circular racks.

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ShowToons
ShowToons Featuring Scooby-Doo

Briefs & T's Sold Separately.
5 New Thermal Designs, Too.

© Hanes Knitwear, Inc. 1983

Chicken Scratching, Candle-wicking Gain

BOXSCORE

Fabrics & Sewing

Discount Store Sales	$1.2 Billion
Sales per Store	$148,000
Department Size	1,300 Sq. Ft.
Annual Sales per Sq. Ft.	$114
Annual Turns	2.4
Initial Markup	45.0%
Gross Margin	38.6%

Two-thirds of Zayre's sewing area is devoted to fabrics, with a growing one-third of fabric sales related to crafts. Discounters agree crafts are becoming the department's key strength. *(DSN photo)*

Nationwide DSN Report

Several new sewing crafts are bringing sales activity and growth to the otherwise flat sewing and fabrics category this year, discounters report.

While an executive for Zayre, based in Woburn, Mass., reported a "drop in overall home sewing sales this year for discount and specialty stores for reasons no one can really put a finger on," he maintained it is "still a profitable department since it brings in the kind of customer retailers like to see in their stores,"—namely, women who shop and browse for an hour or more.

Apart from building the "right kind of store traffic," Zayre's buyer agreed with merchants from Target, ALCO and Murphy's Mart that ever-evolving sewing crafts—for 1983, chicken scratching and candle-wicking—also render the area a potential profit center. Despite soft fabric sales, all plan to stay in the business.

Adding It Up

Most retailers polled by *DSN* concur they have been craft-inspired sales—in both fabrics and notions—which account for this year's projected 9% sales gain in the department discount store industrywide. This would reflect an increase from last year's $1.1 billion to $1.2 billion this year. Sales per store are rising, too, an average 12% from last year's $132,000, to $148,000.

However, reflecting the exit from the fabrics category of several chains last year—including Pamida and Rose's—and K mart's withdrawal the previous year, the average department size is shrinking 50 sq. ft., from 1,350 to 1,300 sq. ft.

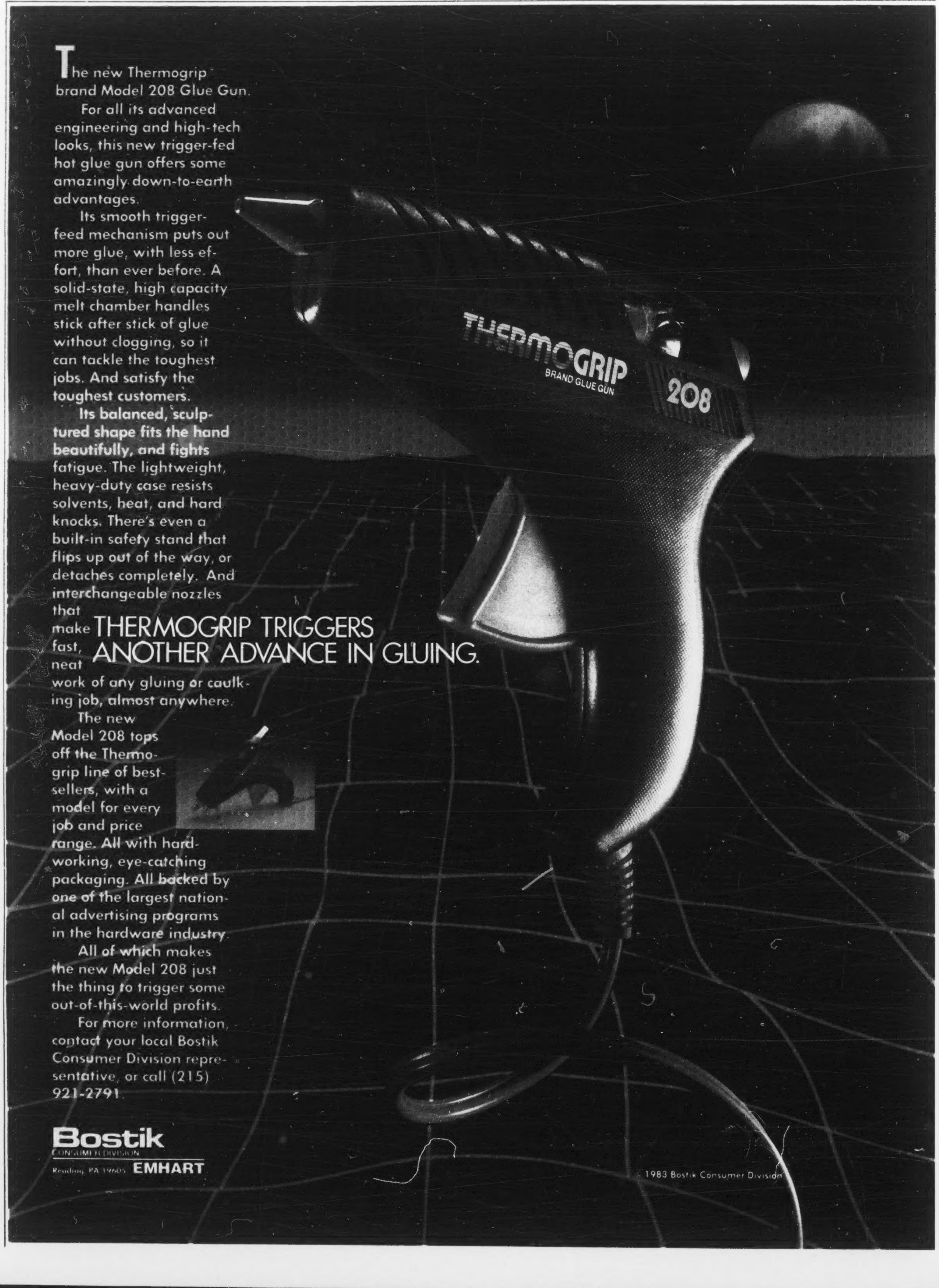
At Target, the Minneapolis-based operation, the sewing buyer reported chicken scratching and candle-wicking—two revived embroidery forms—have helped spur the year's sales in yard goods like muslin and gingham.

Nevertheless, fabric sales are off about 4% this year after last year's impressive 30% improvement. The Target spokesman pegged 1982's dramatic increase to K mart's exit from the business.

Rose's, meantime, dropped fabrics last July.

"Sales were slow, turns were poor, sales per square foot were way below company average, and we simply weren't making any money," voiced the buyer for the Henderson, N.C.-based chain. "We have no plans of get-

(Continued on page 130)



The new Thermogrip brand Model 208 Glue Gun.

For all its advanced engineering and high-tech looks, this new trigger-fed hot glue gun offers some amazingly down-to-earth advantages.

Its smooth trigger-feed mechanism puts out more glue, with less effort, than ever before. A solid-state, high capacity melt chamber handles stick after stick of glue without clogging, so it can tackle the toughest jobs. And satisfy the toughest customers.

Its balanced, sculptured shape fits the hand beautifully, and fights fatigue. The lightweight, heavy-duty case resists solvents, heat, and hard knocks. There's even a built-in safety stand that flips up out of the way, or detaches completely. And interchangeable nozzles that make fast, neat work of any gluing or caulking job, almost anywhere.

THERMOGRIP TRIGGERS ANOTHER ADVANCE IN GLUING.

The new Model 208 tops off the Thermogrip line of best-sellers, with a model for every job and price range. All with hard-working, eye-catching packaging. All backed by one of the largest national advertising programs in the hardware industry.

All of which makes the new Model 208 just the thing to trigger some out-of-this-world profits.

For more information, contact your local Bostik Consumer Division representative, or call (215) 921-2791.

Bostik
CONSUMER DIVISION
Reading, PA 19605 EMHART

Improving Economy, DIY Trend Aid Sales

BOXSCORE

Hardware

Discount Store Sales	$4.5 Billion
Sales per Store	$556,000
Department Size	3,210 Sq. Ft.
Annual Sales per Sq. Ft.	$173
Annual Turns	2.3
Initial Markup	41.3%
Gross Margin	32.9%

Caldor's strength in branded hard lines is probably most visible in power tools, such as these shown at the Golden Ring Mall, Baltimore, store. High margin accessories are merchandised immediately above the items.
(DSN photo)

Nationwide DSN Report

Hardware sales will continue rising as the do-it-yourself trend, coupled with the economic recovery, inspires consumer spending.

Sales in the category will increase approximately 10%, from $4.1 billion to $4.5 billion, this year, according to *DSN* estimates.

In basic categories like electrical and plumbing, buyers are looking to increases of 15% to 20% over a year ago.

A jump in discounter commitments to tall-ticket bench tools is a partial response to the projected increases. In low-end hand tools, many chains are driving sales with a stronger representation by imports.

While the bench tools have traditionally been sold at discount stores in sporadic promotional efforts, an increasing number of chains are preparing to give them a permanent home on the sales floor.

Murphy's Mart, for one, added a four-times-a-year bench tool program this year, and because of its success, decision-makers are seriously considering adding it year-round.

A Closer Look

Additionally, buyers from Wal-Mart and S. E. Nichols may go with expanded bench tool assortments for 1984.

Carrying 25% everyday margins, the category can attract more sophisticated DIYers to their departments as well as help boost sales in the high-margin power tool accessory business, executives believe.

Wal-Mart, which has been running a seven-sku test program in some of its larger units, currently includes a full line of tools, from a bench grinder to drill press.

On the other hand, Fishers Big Wheel merchandisers, who have been selling three-six sku's of bench tools on a promotional basis several times a year, are holding off on a full-time program. An official said he simply cannot justify the space commitment, since the stores average only 40,000 sq. ft.

Another optimistic trend in hardware is margin improvement in nonelectrical hand

(Continued on page 109)

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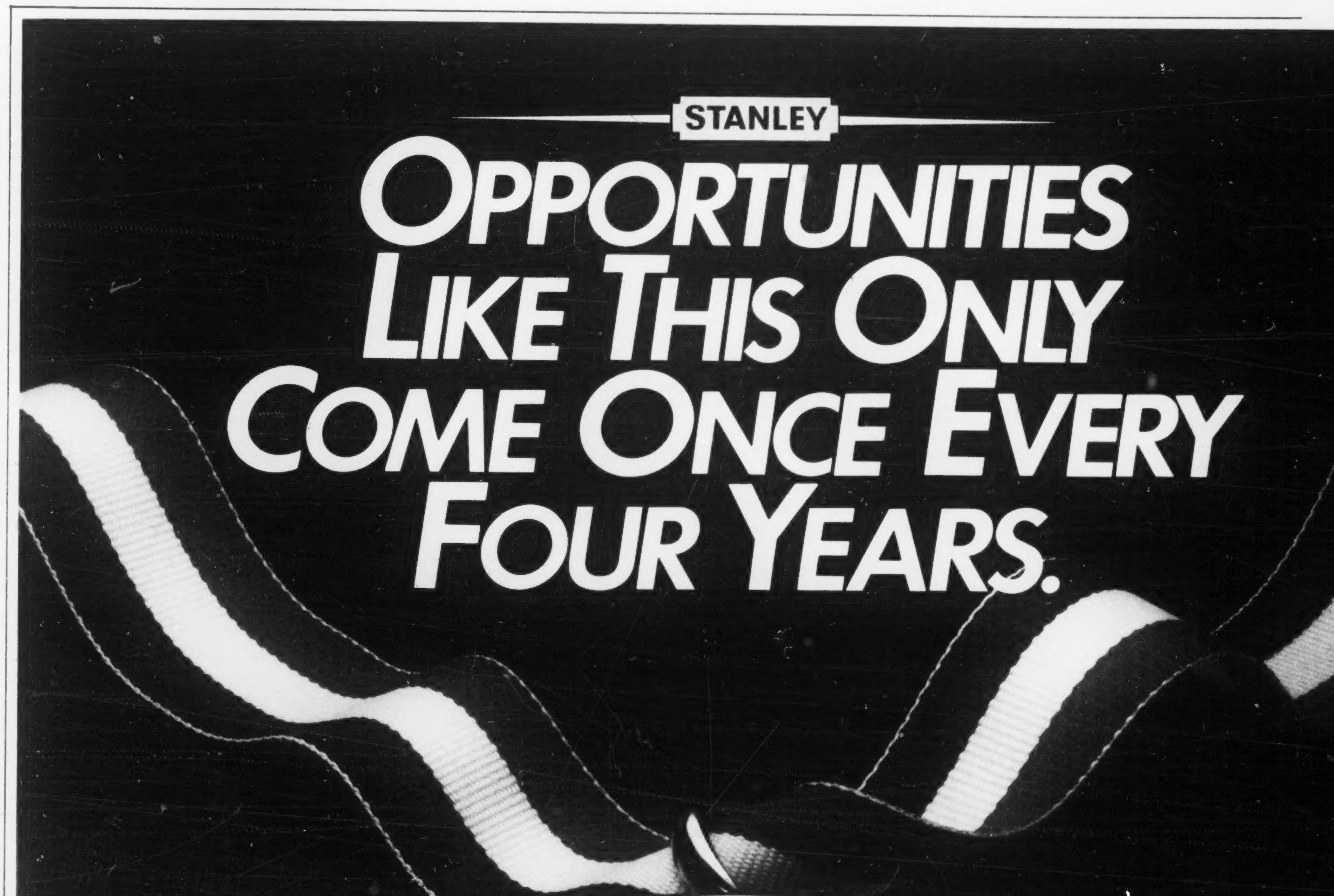

© 1983 Stanley Tools, Division of The Stanley Works.

AIM for the best Stores' push into the high-end includes power tools which are merchandised on a rear wall of the department. Staggered shelves add interest to the bulk-outs of the merchandise at the Bartlesville, Okla., store. *(DSN photo)*

DIY Trend Aids Hardware

(Continued from page 108)

tools.

Numerous discounters are finding enhanced margins in hand tools by increasing the percentage of imports in their assortments. Retailers generally bring in these goods, mostly from the Orient, to maintain low-end price points.

Buyers from K mart, Murphy's Mart and Wal-Mart all report 20% to 30% of their hand tool mixes are now imports. These items help build another 20% into the category's margins, where their domestically made counterparts yield 25% to 30%.

Fishers Big Wheel, for instance, with 20% of its 820-piece assortment already purchased abroad, added a new program from the Orient this spring. The aim: to keep retail prices under $3.49.

The increases in sales of electrical and plumbing also reflect the continuing growth of the do-it-yourself trend.

In plumbing, the swiftest growth is being seen in basic fix-it items like toilet tank repair kits along with shower heads.

In basics electricals, dimmer switches and outlets are the hottest sellers, according to industry reports.

Batteries were another growth (basic) category this year, with the trend moving away from nine-volt to AA batteries. This is the result of a growth in consumer electronics using this size battery.

In the energy-saving hardware area, new products such as aerosol caulks that spray directly onto a surface without a caulking gun are selling very well, with strong sales anticipated for the cold weather months.

CE

(Continued from page 103)

Murphy's Mart is also taking a cautious track in developing its home computer sales. Following a several-months-long test, the discounter just recently opened its home computer "centers" in stores in Pittsburgh and Baltimore.

Buyers there believe in the computers' potential for their stores, but agonized over the correct formula for profitability. They decided on a change in presentation further aiding self-service, with a heavy emphasis on software. While concerned about many of the same issues, Hills has joined a group of retailers that have decided to bite the bullet and take a "fairly aggressive" stand on the market's potential.

New Approach

The discounter, in time for the fall season, has reformatted its entire CE department, allocating more space to computers to reflect the added emphasis.

But, as the discounters become bolder in home computers, their caution about video games becomes more pronounced.

Buyers for numerous chains report that they've drastically cut back on game hardware and have begun trimming their assortments of game cartridges—often limiting them to the so-called "hits."

As a further hedge against a sudden drop in the market, many are also keeping their inventories extremely lean.

As if the confusion and uncertainty over computers and video games wasn't enough, telephones appear to be joining the fray with recently falling prices and narrowing margins—combined with quiet fears about the market's future.

Adding It Up

Discounters expect healthy sales to continue for some time to come along with a trend toward higher-end instruments. But a shortage of those units, combined with a coming glut of low-end promotional telephones, has caused them worry.

The result has been added caution—and that caution has taken some of the sparkle out of the category's emergence earlier this year.

Nonetheless, most chains appear to have made an extensive commitment to telephones through Christmas and, reportedly, beyond.

STANLEY AND THE '84 OLYMPICS. THEY'LL HELP YOU BRING HOME THE GOLD.

STANLEY
EXTRA-RIGID BLADE 1 INCH WIDE
Professional
POWERLOCK
25 FOOT
POWER RETURN RULE
UTILITY KNIFE
YANKEE spiral ratchet screwdriver
Sarajevo '84

1980: The U.S. Olympic Hockey Team skates its way to gold and glory. Olympic fever sweeps the country. And Stanley is there, with the most successful Olympic promotion in hardware-selling history.

1983: Stanley is named official hand tool sponsor of the 1984 Winter Games in Sarajevo, Yugoslavia. And puts together an even bigger, even better Olympic program. To help you cash in on the upcoming Olympic excitement like never before.

A TEAM OF TOP STANLEY VALUES.

First, Stanley's fielding a hand-picked team of specially-priced Stanley tools, from Surform® planes to Powerlock® rules, to saws, hammers, ratchets, levels and more. All wrapped up in the "You Can Do It, America"™ Olympic theme that performed like a champ in 1980. And all supported by a huge variety of in-store sales materials and displays.

PERFECT TIMING: STANLEY'S SPORTSWATCH OFFER.

Next, Stanley's commissioned this limited edition Olympic Sportswatch, designed to close even more Stanley sales. It has full clock/stopwatch/alarm functions, quartz LCD accuracy, and a sport strap emblazoned with the Winter Olympic symbol. It's a genuine collector's item, and your customers can collect it for just $6.95, when they buy any Stanley Olympic tool and mail back the store coupon.

GOLD MEDAL MEDIA.

Stanley has scheduled full color Olympic spreads in major magazines like *Sports Illustrated, People, Newsweek, Life and Ski*, reaching over 42 million adults during the crucial pre-Christmas season.

Followed by a blockbuster, 12-night TV buy within the prime-time Olympic telecasts that over 170 million people will see. With coverage like that, consumers will catch Stanley Olympic fever for sure.

DON'T BE LEFT IN THE STARTING GATE.

See your Stanley salesman for full details on Stanley's biggest Olympic rollout ever. And hurry. It'll be a long four years 'til an opportunity this good rolls around again.

© 1982 OCOG Sarajevo '84

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YOU CAN DO IT AMERICA™

STANLEY
helps you do things right.

Discounters Shoot For $3.1 Billion in '83

Photo/Camera

BOXSCORE

Discount Store Sales	$3.1 Billion
Sales per Store	$383,000
Department Size	675 Sq. Ft.
Annual Sales per Sq. Ft.	$567
Annual Turns	3.6
Initial Markup	25.0%
Gross Margin	18.0%

Film and film processing will continue to be strong traffic builders while the rest of the photo department makes its comeback. Price is a key factor in photofinishing at Wal-Mart, Rogers, Ark. *(DSN photo)*

Nationwide DSN Report

The photo/camera department is gradually developing a prettier picture, aiming for the $3 billion mark.

Steady sales in disc cameras persist and low-priced, easy-to-use cameras and film innovations were introduced in the marketplace.

Photo/camera department sales are projected at $3.1 billion, up 9%, from $2.9 billion a year earlier. Sales per store are increasing to $383,000 from $350,000.

Capitalizing on price and simplicity of operation, the disc has become a staple of discounter photo departments. Retailers have also added new sku's of autofocus and range-finder cameras in attempts to heed the easy-to-use lesson of the disc and earlier 110's. SLR's are finding market infiltration slower due to their more sophisticated operation.

New Variation

After last year's explosive introduction, constant disc sales have led to heated competition in the category. Kodak introduced its low-priced 3000 model this past spring to compete with off-brand and low-end imported rivals.

Chains such as Venture, Caldor, Gold Circle, Richway and Meijer have all prominently featured the model in regional advertisements with price points ranging from $29.99 to $34.76.

The low-end emphasis has spread to 35mm with the emergence of modest- to low-priced SLR's. But, the greatest boost is in autofocus and range finders. The category is the fastest grower in the 35mm market due to, once again, price and simplicity.

At Murphy's Mart, the Pennsylvania-based discounter expanded its 35mm line. The chain expects to add three autofocus cameras, with the low-end retailing at $47.

Danners(3D) is considering dropping the high-end SLR in favor of the cheaper range finders. Two sku's of SLR's retailing at over $200 were eliminated in order to add a range-finder kit for slightly over $100.

The recently created freestanding photo department at Fishers Big Wheel has been experimenting with 35mm accessories. A Fishers merchandiser

(Continued on page 122)

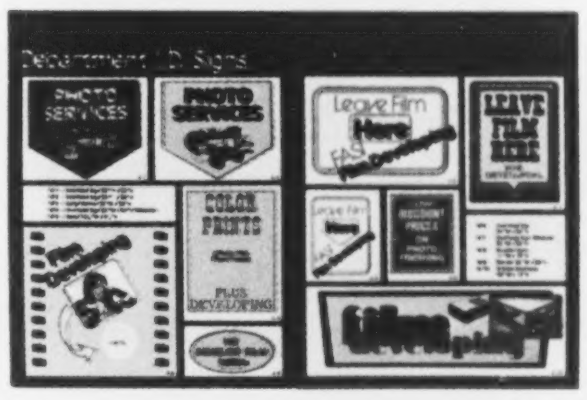
TOTAL
2.52
$BILLION

Some interesting numbers for those who think film processing is small change.

Film processing generates over 2.5 billion dollars in retail sales annually.

This figure becomes more impressive when compared to other popular consumer product sales.

Take, for example, men's shaving products (razors, blades and shaving cream).



The Colorcraft Collection: Signage and P.O.P. Catalog

In total dollar sales, photo processing produces three times more retail sales.

Or cleansing and facial tissue sales, photo processing outsells them four to one.

And photo processing surpasses the combined sales of the greeting card industry.

But the numbers are only part of the story. Smart retailers know that photo processing builds traffic. That it doesn't tie-up cash and inventory. Or take up valuable shelf space. **And most importantly, few product categories deliver more positive cash flow.**

A recognized leader in the film processing industry, Colorcraft does business in 32 states, supported by a network of 24 photo processing facilities.

Colorcraft will help select the program best suited to your stores. Train your people. Set up your operation. And Colorcraft's rigorous standards consistently provide the highest quality and the most efficient service in the photofinishing industry.

COLORCRAFT CORPORATION

Corporate Headquarters: Durham, North Carolina (919) 383-8535.
Group Headquarters: Rockford, IL (815) 962-5507. Evansville, IN (812) 423-5254. Charlotte, NC (704) 375-1761. Orlando, FL (305) 898-6112.

PAINT CENSUS '83/'84

Name Brands to Make a Bigger Splash

BOXSCORE

Paint

Discount Store Sales	$1.7 Billion
Sales per Store	$210,000
Department Size	1,270 Sq. Ft.
Annual Sales per Sq. Ft.	$165
Annual Turns	2.3
Initial Markup	42.0%
Gross Margin	35.2%

As the do-it-yourself trend blossoms, stores such as Ames, Westfield, Mass., are emphasizing their paint sundries. (DSN photo)

Nationwide DSN Report

Using more highly visible national brand paint programs to build traffic, and generally time-proven sundry mixes as a solid margin base, discounters are going after the home fixup business more aggressively.

As a result, paint sales are expected to rise to $1.7 billion by the end of calendar 1983, up from $1.5 billion a year ago. On a store-for-store basis, that increase translates into almost $30,000 in additional sales per unit, to $210,000—from a department whose average size has remained constant from a year ago.

Chains are taking different approaches to wring increased productivity from the area.

At Wal-Mart, for example, a recent test saw the Arkansas discounter add a paint-mixing capability to two stores' paint departments.

Figures Analyzed

The chain is figuring that the increased traffic—lured by the custom color potential—will more than offset the increase in labor and material costs (the mixing machine and color chips), which the chain admits are minimal. In addition, the chain would cut its assortment of premixed colors.

To get the program off the ground, the custom colors will be mixed free of charge.

ALCO, for its part, is looking to squeeze profitability from its (name-brand) paint program by warehousing the product.

Capitalizing on an offer from its supplier—Du Pont—the chain saved 6% on its orders by going to bulk ordering and picked up an additional 10% warehouse allowance. Those savings will be translated into an increased promotion budget that will allow the chain to keep making its customers aware of the department.

Gold Circle, on the other hand, went further afield in the wall-covering area and moved a wallpaper program into its paint department—a category most discounters have long avoided because of the considerable inventory and space demands that go with the more fashion-sensitive merchandise.

Keeping the price of the double rollpacks in the $14.99 to $24.99 range, the chain began moving a 144-sku program into its stores.

CLEAR VARNISH
GLOSS FINISH
Clear
POLYURETHANE
High Gloss
Polyurethane
VARNISH
STAIN
High Gloss 70
POLYURETHANE
A super-tough clear protective coating for any surface. Extra resistant to wear and weather, interior/exterior.
CAUTION! COMBUSTIBLE. 1QT. (32 FL.OZ.)
See cautions elsewhere on label.
Penetrating Oil
WOOD
STAIN
1QT (32 FL.OZ.)
CAUTION! COMBUSTIBLE

We've redecorated our cans to make your sales look better.

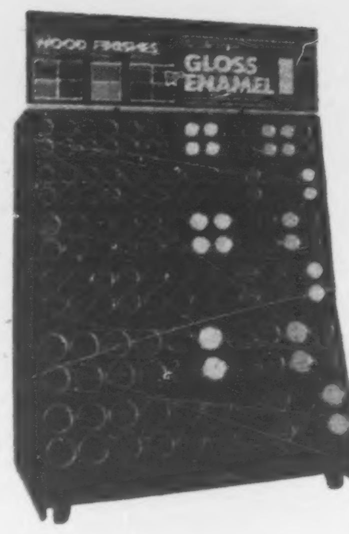
All the Red Devil wood finishing cans have a brand new, eye-grabbing look.

With warm wood-tone colors and dramatic graphics that do a lot more than just get the attention of do-it-yourselfers.

They actually help explain in pictures just which around-the-home jobs each Red Devil product is best suited to do. Whether it's for furniture, cabinets or floors.

So every Red Devil can is actually a salesman sitting on the shelf.

And there's no better shelf for them to sell from than our customized display. A dazzling display of stains and colors that no weekend handyperson could help but notice.



And only Red Devil has displays that can be tailored to your special selling needs. You pick the mix that's just right for your selling area.

So put them all together—Red Devil paints, stains, removers and displays—and you've got a sales force that can't help but make your sales, and you, look better than ever.

RED DEVIL®
Little cans for tough jobs.™

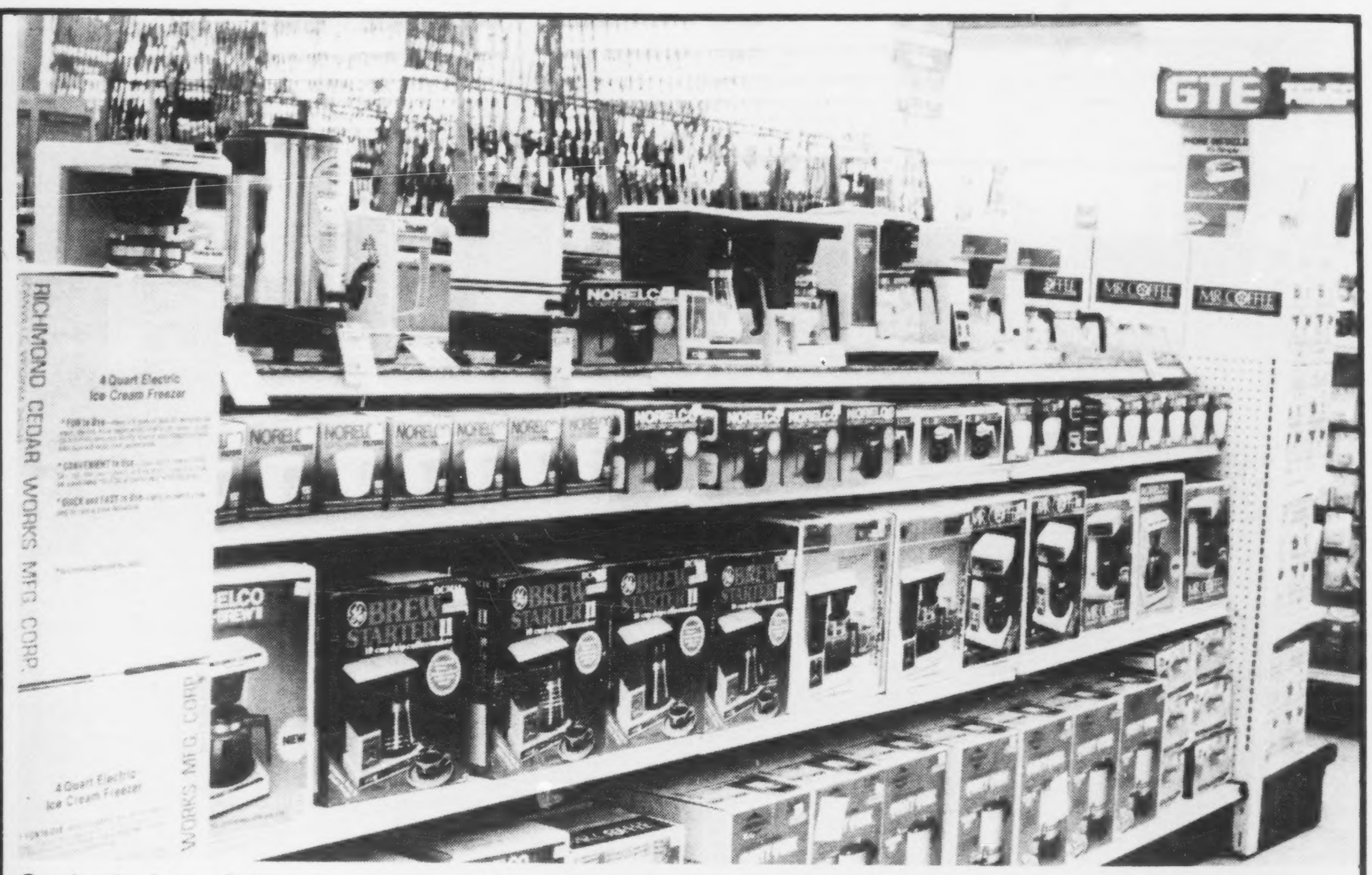
An Insilco Company RED DEVIL® PAINTS & CHEMICALS, 30 NORTH WEST STREET, MOUNT VERNON, NEW YORK 10550/TELEPHONE (914) 699-3311

Space-Saving Concept Adds Excitement

BOXSCORE

Electric Housewares

• Discount Store Sales	$1.6 Billion
• Sales per Store	$198,000
• Department Size	870 Sq. Ft.
• Annual Sales per Sq. Ft.	$228
• Annual Turns	4.0
• Initial Markup	28.3%
• Gross Margin	16.1%


GTE
MR. COFFEE
MR. COFFEE
NORELCO
BREW STARTER II
4 Quart Electric Ice Cream Freezer
RICHMOND CEDAR WORKS MFG. CORP.

Gaylords, New Orleans, enhances the basics approach to presenting electrics by including filters as a tie-in on a gondola side that mass-displays drip coffeemakers. *(DSN photos)*

Nationwide DSN Report

Has the merchandise excitement returned to electric housewares?

Discounters certainly hope so—and they cite the introduction of under-the-counter space-saving kitchen appliances as the spark.

While accepting the continuing "basics" nature of the small appliance business, discounters and catalog showroom operators polled by *DSN* expressed enthusiasm about the space-saving concept in general and the introduction of such products by a growing number of manufacturers.

Merchandisers, in fact, are looking for a strong second-half and holiday period as vendors promote a broad array of space-saving electrics as the new "must-have" appliances.

But, discounters aren't putting all their hopes on just one small-appliance area. They are also avidly pursuing other merchandising moves to maintain and even boost electrics sales.

A key counter to the basics approach is upgrading small appliances—either by giving the section a fashion look as K mart is doing in a number of its stores or adding upscale, conventional department store lines and European vendors as Bradlees has commenced to do.

Stronger Impact

The upgrading push is meant to counter electric's low initial markups and gross margins by adding higher profit lines and by boosting the total ticket through tie-in sales of appliances that are fashion coordinated.

The cold performance statistics of small appliances illustrate the need for these different merchandise motivations.

DSN estimates that electric housewares sales this year will hit $1.6 billion, a slight gain from last year's $1.5 billion. Per-store volume is expected to reach $198,000 this year, compared to $181,000 last year, with sales per square foot jumping to $228 vs. $206 in 1982.

The initial markup is seen as shooting to 28.3% from 23%, but the gross margin will be flat at 16.1% vs. 16% last year.

The interest in space-saver items is evident from the selling-floor action at a number of discounters.

(Continued on page 122)

The gunless caulk with the most selling ammunition.

National advertising.

Ready to Caulk™ customers are big sports fans. So they'll hear our commercials on network radio broadcasts including Notre Dame football, NFL and Monday Night football, the American and National League championships, and the World Series.

And they'll see full-color Ready to Caulk ads in the magazines they read most: POPULAR MECHANICS, FIELD & STREAM, SPORTS ILLUSTRATED, and more.

Co-op advertising.

Through October 30, 1983, we'll give you a hefty 10% allowance on your net Ready to Caulk purchases for co-op advertising. Use this generous allowance for your own newspaper and TV advertising. Drop-in ads and a 30-second TV commercial are available from DAP.

Self-selling display.

Ready to Caulk comes pre-packed with $1.00 OFF consumer rebate certificates in a self-merchandising display. It gives you maximum shelf or counter impact and generates fast take-away.

Order Ready to Caulk today.

Ready to Caulk is ready to sell for you. Contact your DAP sales representative now. Or call Keith Adams toll free, 1-800-543-3840.

Depend on the pick of the pros.

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Growth Areas Point to a Healthy Future

BOXSCORE

Health & Beauty Aids

Discount Store Sales	$5.2 Billion
Sales per Store	$642,000
Department Size	2,275 Sq. Ft.
Annual Sales per Sq. Ft.	$282
Annual Turns	4.2
Initial Markup	25.4%
Gross Margin	18.8%

Nationwide DSN Report

There is no shortage of growth areas in H&BA.

Discount buyers have separated the fads from the full-blown trends and positioned themselves for a fat future.

Healthy margin winners including vitamins and natural food supplements, face care treatments, contact lens solutions and designer fragrances have continued to gain momentum. The constant gains have prompted buyers to beef up their selections in those categories.

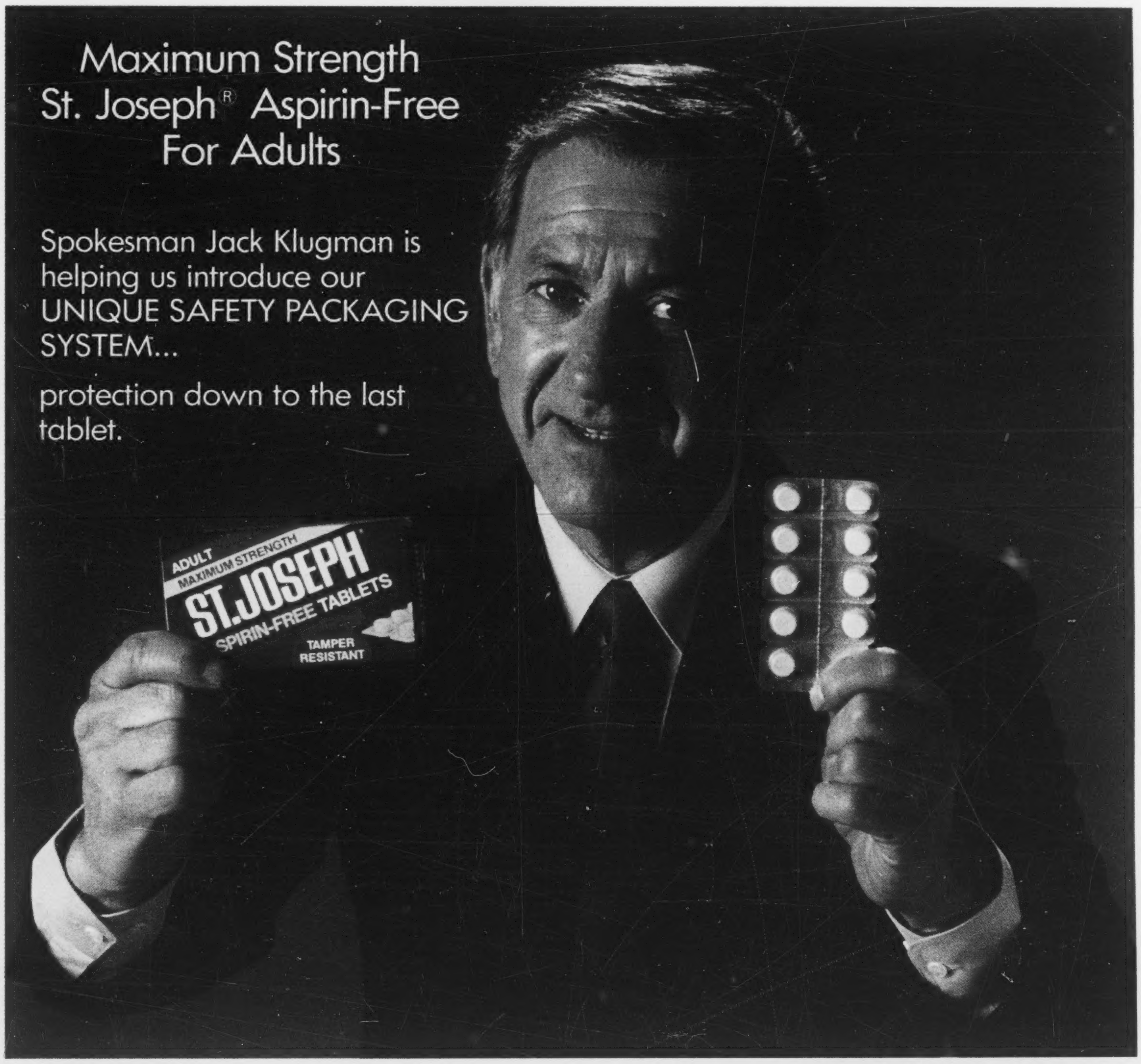
With the broadened assortments in place, discounters are projecting 1983 sales-per-square-foot figures 16% higher than last year's. Overall industry volume from H&BA is expected to rise by a slimmer, but still substantial 13%.

To make space for wider selections of profit producers, chains trimmed sku's of fad-type items. In diet aids, for example, consumers turned their attention from pills to flavored powdered drink mixes—buyers followed suit. But, noting the faddish quality of the category, buyers picked up only two or three sku's of powders and cut overall diet footage.

Meanwhile, buyers witnessed a shakeout in the hand and body lotion category last winter. Many of the therapeutic-type lotions which hit the market late in 1981 but failed to garner meaningful sales were dropped and sections trimmed to make room for the still-expanding face treatment category.

On basic items such as hair care, deodorants and dentifrices, discount buyers met with

(Continued on page 130)



Maximum Strength
St. Joseph® Aspirin-Free
For Adults

Spokesman Jack Klugman is helping us introduce our UNIQUE SAFETY PACKAGING SYSTEM...

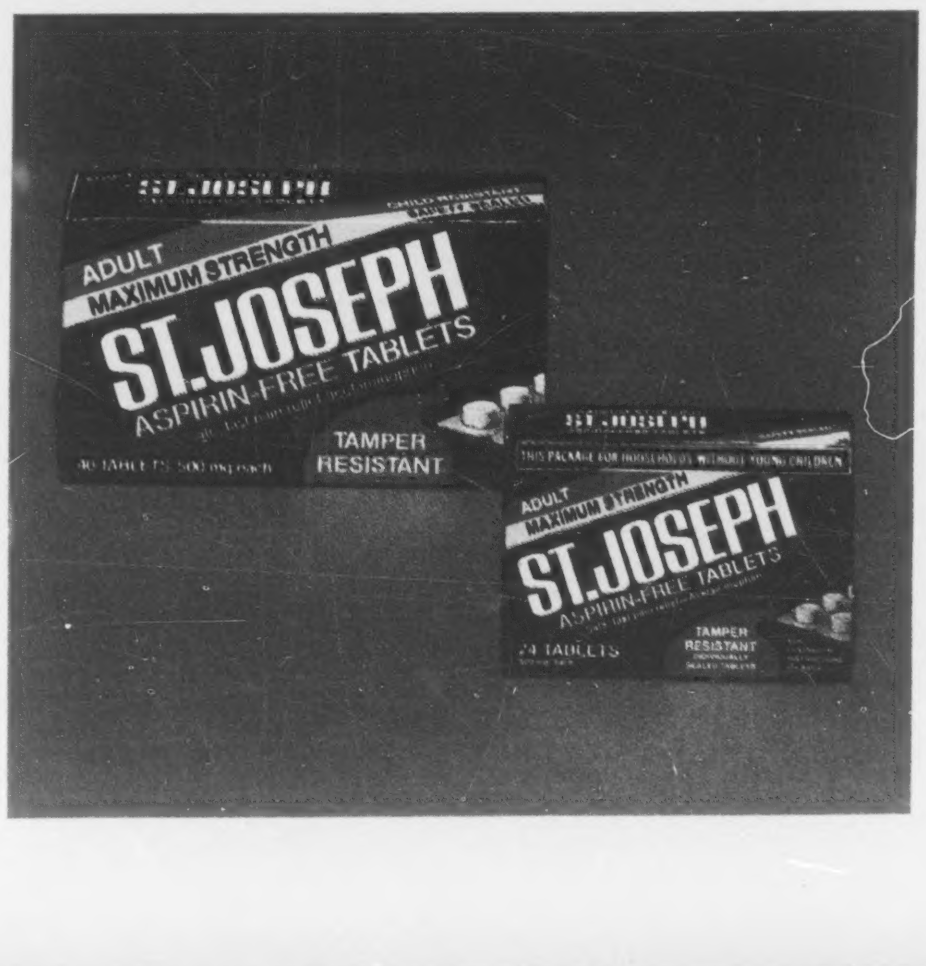
protection down to the last tablet.

The popular star of Quincy, Jack Klugman, is carrying the hard-hitting St. Joseph story to millions of consumers in a straightforward, persuasive commercial that delivers the facts—facts that create the demand for this unique, impressive product.

- The first individually safety sealed maximum strength analgesic.
- A unique safety packaging system: Tamper resistant outside packaging with tamper indicators, PLUS inside individually safety sealed tablets in tamper resistant blisters. These multiple safety measures offer protection down to the last tablet.
- 500 mg. of acetaminophen for adult maximum strength pain relief in packaging that puts safety first.

In addition to this powerful $20 million yearly ad campaign, millions of consumer and on-pack coupons, newspaper inserts, and extensive physician sampling programs will generate sales for you.

Ask your Plough representative about our lucrative trade offers, or call Mr. Ray Castle, (901) 320-2468.



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Rubberized or regular formula undercoating, in two convenient methods of application. Doesn't clog or settle like conventional DIY undercoating products.

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APA AUTOMOTIVE PARTS & ACCESSORIES ASSOCIATION MEMBER

Discounters Stretch Brand Name Lineup

BOXSCORE

Ladies' Apparel

• Discount Store Sales	$13.3 Billion
• Sales per Store	$1,644,000
• Department Size	10,000 Sq. Ft.
• Annual Sales per Sq. Ft.	$164
• Annual Turns	5.2
• Initial Markup	46.5%
• Gross Margin	36.0%

Sportswear

Ames' refurbished Westfield, Mass., store denotes fashion emphasis by an up-front location for ladies' wear, a front-facing apparel display along wall and new wall decor and signing. *(DSN photo)*

Nationwide DSN Report

The soft lines gmm for a major discount chain said, "We dropped Calvin Klein jeans to put in the Chic line."

That comment is an indication of the growing importance and availability of traditional department store brands to the discount stores.

With the discount store women's apparel market projected to stand at a hefty $13.3 billion in 1983, up 13% from $11.8 billion last year, branded apparel manufacturers are becoming more and more receptive to a slice of that growing market. Some brands are being bought direct, others from diverters but on a continuity basis, and, in one discounter's words, "with the manufacturer keeping one eye closed."

Branded goods still represent a small portion of total discount store women's apparel business, and the "names" are heavily concentrated in the jeans area.

But, the brand name lineup is an important part of many chains' strategy for attracting more affluent customers as they trade up their storewide market positioning and attempt to build their profitable women's apparel sales as a percentage of total store volume.

Important Role

The women's apparel impact on total store bottom line is evident from *DSN's* 1983 projections for the category. With annual sales per square foot at $164, turns at 5.2, initial markup at 46.5% and gross margins at 36%, women's wear is expected to turn in the strongest performance of all soft lines departments.

To capitalize on this, discounters are employing a combination of approaches: upscaling merchandise and fixturing; giving the category more prominent store positioning; adding brand names, and spinning off new departments—junior, full-figure and petite, among them.

This spring, for instance, Caldor launched separate junior and petite departments, each with its own buyers. Bradlees created a Plus Size department. Hills is experimenting with a separate full-figure department in a handful of stores.

Bradlees and Hills have already achieved a high level of

(Continued on page 130)

'WORKFORCE'®

AMERICA'S #1 BRANDED NAME
IN WORK SOCKS PUTS
NATIONAL TV TO WORK FOR YOU.

PRICE IS RIGHT
FAMILY FEUD
WHEEL OF FORTUNE
CHILD'S PLAY

Workforce. The first line of work socks with authentic brand identity. A *total* line, created to fill every consumer's need. And backed by our one-year guarantee.

Workforce. A proven selling success with every retailer who has carried the line. Made of super-soft, non-allergenic Orlon* acrylic.

Workforce. Now putting national television to work for you. Starting in October, we're going on CBS, ABC, and NBC — on the nation's 4 most popular game shows — regularly viewed by millions of the women who buy 76% of all work socks.

Workforce. The people who take work socks seriously. We're working for you. *Selling* for you. Let us tell you more ... call Ed Waycaster on 1-800-438-1188.

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We'd like to teach your employees to tie you up, douse you with water, and pound you on the back.

It could save your life. And severe bleeding, chemical burns and choking are just three of the emergencies we can prepare you for.

Our courses can familiarize your employees with almost every phase of workplace safety, from simple accident prevention to first aid and CPR.

We're the American Red Cross. We're working hard to keep everyone working hard.

American Red Cross

We'll help. Will you?

A Public Service of This Magazine & The Advertising Council

PERSONAL CARE APPLIANCES CENSUS '83/'84

Hair-Care Brands Gain

Personal Care

BOXSCORE

Discount Store Sales	$2.7 Billion
Sales per Store	$334,000
Department Size	850 Sq. Ft.
Annual Sales per Sq. Ft.	$393
Annual Turns	3.8
Initial Markup	30.9%
Gross Margin	19.7%

Venture's strong focus on self-service is evident in the personal care appliance section in its Chicago stores, where this merchandise is mass-displayed above and below samples.
(DSN photo)

Nationwide DSN Report

America's obsession with health and physical fitness awareness is breathing new vitality into the personal care electrics category.

The steady sales of hair care products and the continuing success of air purifiers are helping to pump 1983 sales up to a projected $2.7 billion from $2.5 billion a year ago. Sales per store are expected to increase to $334,000 from $301,000. Turns are falling off from 4 to 3.8 but initial markup is improving to 30.9% from 22% a year earlier.

The consumer desire to look good aided hair care products in their about-face.

Innovative Techniques

New features and innovative packaging on brand names added a much needed spark to the stagnant department. This, coupled with aggressive pricing, including manufacturers' double-rebate programs, has taken a substantial bite out of the private label business by narrowing the retail price gap.

K mart, Target, Zayre, Magic Mart and Rose's were among those stocking PL lines which were running $2 to $3 less than brand names before manufacturers declared war.

Many buyers who had cut back sku's of branded product opted to pick up additional branded lines at the July Housewares show.

Blister-carded packaging for pro-style mini-dryers, folding dryers and curling irons was among the changes generating excitement in the usually hard-to-display category.

Wal-Mart was among those testing the carded line; the Arkansas chain will expand the program chainwide later this year.

More Winners

Recent new product introductions are also refreshing interest in the category. Norelco's wall mount blow dryer, a curling iron with a soft flocked barrel from Clairol and a new hot air curler/styler from Conair are among the new entries discounters are interested in.

Buyers are also enthusiastic about some new packaging ideas—including two hair care appliances sold together.

At Zayre, a mini-dryer and curling iron combo will debut in a single package this fall. Still, much of the chain's strength in the area will continue to be its PL program which included knockoffs of almost every branded name.

Aggressive rebate programs were a major factor in brand name resurgence. At one Midwestern discount chain, the hair care appliance buyer noted that with double ($2 or $3) rebate offers from manufacturers such as Clairol and Conair, they were able to offer consumers more value in brands—and consumers were responding.

In addition to just looking good, consumers' overall concern about their health sent air purifier sales skyrocketing.

Water purifiers, however, didn't fare as well.

The introduction of new larger air units that purify greater areas combined with national advertising campaigns, boosted sales substantially, discounters report. At the same time, prices declined 10% as new manufacturers entered the market and heated up competition.

The new action in the category prompted many discounters to trade up.

Gold Circle continues to stock five sku's of air cleaners but has replaced its low-end model with a moderately priced larger unit.

ShopKo has followed the same course, adding Rush Hampton's 800-cubic-ft. unit at $74.99 to its assortment of Pollenex and Conair.

At Harts, air purifier sales gained 10% and the chain is planning to trade up in the near future.

Water purifier sales, on the other hand, appear to be drowning without a rescuer in sight.

The initial reasons given for the downslide were the popularity of bottled water and the fact that most consumers don't believe their water to be undrinkable.

Gold Circle carries two sku's that retail at $27.99 and $34.99 but business has been extremely off and the chain is considering dropping the category.

At Grand Central, the buyer felt placement was the key but the move into the plumbing department hasn't strengthened sales and the chain is also contemplating the elimination of the product.

Blood pressure kit sales were also on the rise, thanks to health-conscious consumers.

The units run the gamut from manual models with stethoscope, armband and meter priced in the low teens to electronic models with LED displays and paper printouts priced at about $200.

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High-Ticket Items Score in Exercise Equipment

(Continued from page 78)

ing goods category's growth this year. They received a great deal of attention at the last National Sporting Goods Association show, which featured some 20 manufacturers. Heck's Adkins said Gravity Guidance and Exertec were the most competitive, with price tags of about $200.

"I think the gravity boot is bigger than ever," a sporting goods buyer for Gold Circle, Worthington, Ohio, recently stated, noting the chain carried the Gravity Guidance system for $199.

The system features a bar that can be mounted across a door or hallway and special boots with inverted hooks allowing the user to hang from the bar upside down.

Higher-end exercise bikes are also benefitting from consumer willingness to take part in the health craze. Retailers polled by *DSN* expected a 20% sales gain from stationary bikes with adjustable seats, speedometers, odometers and timers.

Epitomizing the impact of physical fitness on retailers is S. E. Nichols' expected installation of a fitness center in its larger stores.

All units measuring 100,000 sq. ft. or more will be supplied with an expanded selection of higher-end exercise bicycles and weight-lifting benches in addition to a test nutrition program. This unique area will include 25 sku's of weight-loss, weight-gain and muscle-builder powdered mixes.

Nichols' new fitness centers will fill two sides of a 20-ft. gondola run, with merchandise displayed on the top tier and stock on the lower shelves.

It's a Throwback

By contrast, discounters are generally backing away from high-end fish and tackle equipment, instead relying on the middle- and low-ends this season.

However, the shift isn't attributable to softness in the category. Buyers indicated that the growth of specialty fishing and boat stores, as well as a strong entry by catalogers, has captured the interest of some of their customers who are serious fishermen.

As a result, chains have begun directing their merchandising efforts more toward the occasional sportsman. Many have trimmed their assortments of rods and reels retailing for more than $100, and have placed a new focus on combination sets.

Ames now carries 15 sku's of combo sets, an increase of three over last year, with prices ranging from $3.99 to $60.99, everyday.

At Glosser Bros./Gee Bee, combo sets currently account for 40% of the chain's fishing and tackle sales, according to buyer Esther Gerber. The reason: customers in the chain's trading areas—locations where there is high unemployment—can no longer afford to spend $80 on a reel, she said.

Caldor also offers combo sets—frequently featuring them on endcaps. However, the upscale chain continues to appear strong in its presentation of higher end rods and reels.

But the generally lower-end push in fishing and tackle appears to stop with that category. Even items merchandised with fishing equipment—such as canoes—continue their upward thrust in price points.

In fact, discounters have reported a "tremendous" selling season with canoes, a high-ticket category that can retail for as high as $399.

Discounters believe they are filling a niche in the business by offering consumers who want an inexpensive, close-to-home vacation a more convenient place to buy canoes.

While margins on canoes run at about 30%, buyers report the accessory business—items like life-preservers, boat seats, wood and aluminum paddles—bring in healthy 45% markups.

The sporting goods department at Mars stocked one 15-ft. canoe this year as part of a chainwide test. A buyer for the chain reported it was "extremely successful."

"Canoes are a tremendous opportunity," echoed Denny Feldman at Van Leunen's. "It's a blind market because there aren't a lot of retailers in the business."

Response to the program was so strong, he had to reorder more canoes in the spring.

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Discounters have found that fish-and-tackle equipment lends itself strongly to cross-merchandising. Grand Central, Salt Lake City, seizes the opportunity to show hats, camouflage shirts, thermal wear and down vests. *(DSN photo)*

Target

(Continued from page 55)

grams. These include:

- Focusing on computers and telephones as hot growth areas that will spark a heavy emphasis on consumer electronics. Target unveiled a new CE prototype in its Los Angeles stores that has working computers on one side and all software and video cartridges on the opposite side. The chain carried about a dozen different models that range to almost $1,500, along with such high-end peripheral items as color monitors and disk drives.

In telephones, Target has developed a new planogram that includes a major commitment to the A.T.&T. phone center program.

- Emphasizing activewear and name brands in apparel. Activewear in ladies' and men's wear sections is spotted under large color photos of people in jogging outfits and tennis attire and this merchandise receives prominent front-of-department footage.

The name brand effort has seen this merchandise grow to about 25% of the apparel mix, more than doubling during the last several years. While diverters provide about 75% of the branded lines, the percentage is shrinking as more and more major resources go after the big dollars that Target can produce for them.

- Playing up a wide variety of home furnishings-oriented merchandise in housewares and hardware. This move tied into the growing DIY interest in updating, maintaining and repairing homes and the fact that a number of lines in this area produce higher margin, either because they are direct imports or because of the better quality.

Higher-margin glassware and gift housewares, for example, are now being displayed on glass shelf fixtures for a fashion look.

In hardware, almost 200 different wallpaper patterns are shown on self-service cubes that also provide instructions on how to measure and apply the wallpaper.

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Under-Counter Space-Savers Spark Electrics

Wal-Mart, Bentonville, Ark., illustrates the traditional basic display of electrics used by many discounters. The presentation has samples on gondola shelves above boxed stock ready for customer pickup.

(Continued from page 114)

At Gold Circle, the under-the-counter can opener has performed so well since its introduction last fall that the merchandiser is expanding the assortment. Due to be added are another can opener and a dial-and-hand clock timer coffeemaker.

A Hills merchandiser maintains the space-saving concept isn't only for urban markets, as some retailers argue. The buyer, who has carried the under-the-counter can opener since last fall with "exceptional" results, is bringing in one new coffeemaker along with a knife.

Lechmere, meantime, plans to add five new space-saver items to give the chain at least six sku's of under-the-counter electrics.

Manufacturers have recognized the potential customer draw—and profitability—of space-saver products and plan to actively promote these electrics. But, a missing element in their plans is heavy rebates for these items.

This downplaying of rebates for under-the-counter products reflects a general lessening of the use of this promotional gimmick by many manufacturers. Fewer items are due to be rebated in the fall, with the focus mainly on older staple items that can use such a shot-in-the-arm to hypo sales.

Discounters, of course, aren't necessarily unhappy with the reduced use of rebates for electrics. It means less paperwork for the chains and also allows merchandisers to be more flexible in promotions by freeing them from the need to schedule an item during the specific period in which it is being rebated.

Rebates, however, continue to be an important promotional vehicle for electric housewares. Discounters, working through the National Mass Retailing Institute, are attempting to develop a common method of handling the paperwork.

Photo

(Continued from page 111)

said that if adjunct sales took off, the next logical step would be to sell the cameras.

Discount stores currently account for about 20% of overall SLR sales.

Despite brisk disc sales, 110 pocket cameras haven't been buried yet.

Many discounters feel that 110's will remain strong until disc cameras come to dominate the market.

Along with competitive camera sales, the film market received a boost through the introduction of faster, more sensitive color print film. The new series, introduced by both Kodak and Fuji, is expected to increase the popularity of picture taking by offering superior quality.

Kodak has generated interest in its VR series by offering a trial pack for $3.99, advertised by many of the chains. The package includes four rolls of 12 exposures each in speeds of 100, 200, 400 and 1,000 ASA.

The strength of the disc accounted for the growth of disc film, now turning more quickly in most departments.

At Prange Way, twin packs of disc film are among the strongest sellers. Twin packs outsold single disc packs by as much as 9 to 1 at Gold Circle.

Merchandising Move

Kodak's packaging of twin packs with every camera and aggressive rebate programs made it easier for consumers to accept the double load as a standard necessity.

Private label film has softened, although discounters such as K mart and Prange Way continue its merchandising.

Gold Circle dropped its PL film entirely, while Heck's is weighing the alternatives. Both cite the difficulty in promoting private label.

K mart took a bold step in the photo field by experimenting with in-store film processing mini-labs. The chain announced that it may expand the system to a number of stores.

A company spokesman pointed to its built-in base of film processing and the increase of traffic once a better service is offered.

The jury is still out on last year's innovative entry in the photo market, 3D cameras. Early flat results have left most buyers with a wait-and-see attitude on the sales potential of the model. The lowering of prices from $250 to below $100 didn't appear to spur interest. Despite heavy marketing campaigns some retailers were still left with sizable inventories.

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Stock more of the larger size plastic planters. Research shows that large containers have grown in sales more than the medium and small sizes because 77% of plant owners buy new planters for repotting plants that have outgrown their present containers.

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Cassette Business Edges Past LP Volume

(Continued from page 100)

Mart's change in the mix. Cassettes now hold a 60%-40% edge in the chain's assortment, an increase over last year's even split.

At Murphy's Mart a similar "open tape" experiment was deemed a success in a Pittsburgh test store, according to Frank Dziabiak, buyer for the chain. It's now being rolled out in the Baltimore-Washington area.

The change in attitude is also apparent at Gold Circle, where cassette sales increased more than 100% in remodeled stores.

That increase was only partially attributable to the renovations. Sales rose 60% in their "hands off" stores.

"We're remodeling as quickly as possible. We prefer to get it out from lock and key," said Harry Sutmiller, buyer for the Ohio-based chain.

The product mix at Gold Circle has moved to about 70%-30% favoring tape.

Prange Way has gone from a 55%-45% LP majority to a 55%-45% cassette edge. Ken Nyberg, associate buyer for the chain, reports sales up 20%-25%.

"We're attempting to feature the cassette first and the LP secondarily," he said.

While many chains continue to rely heavily on rack jobbers for their departments, Target and Gold Circle have begun to streamline their operations by eliminating the service.

"We're trying to become our own jobber," explained Sutmiller. "We've eliminated tremendous expense and dramatically reduced inventory. In our Dayton test store, where we've racked ourselves, albums were up 5%. In our Pickwick and Lieberman-racked stores, albums were off as much as 30%."

In additional moves to bolster profitability, many chains have pared new LP releases in favor of stocking a larger number of budget and middle-line records where profit margins are much greater.

Children's recordings have also expanded and are being cross-merchandised with toys and books.

While 8-tracks have dropped from sight in most markets, Bruce Ropiecki, buyer for Maloney's, still sees some life.

"We continue to sell to a lot of rural areas where 8-track is the predominant format," he said. "Last Christmas, 8-tracks accounted for over 60% of our tape business."

The popularity of cable TV gave sales a shot in the arm as music video debuted to millions of new viewers.

"Since the advent of cable and MTV there's been renewed interest in record buying," said A. R. Stevenson, vp, government and public relations, K mart.

Schaeffer of Handelman's concurred: "The penetration of cable TV into the rural areas has significantly generated new record sales."

Nonetheless, Schaeffer indicated the surge was temporary and he came down firmly on the side of cassette tapes as the new force in prerecorded music.

High Tickets Advance in Lawn & Garden

(Continued from page 96)

place yet, merchandisers there believe the market is ripe for this high-end merchandise. Retail prices for the chain's 1983 patio-set program, with five sku's, ranged from $99 to $200.

In line with the patio furniture tradeup trend, consumers are also moving up to higher-priced gas grills with more accessories.

Shoppers wanting extras, such as larger grilling areas, upfront controls, thermometers, gas level gauges, cutting boards and gas tank covers, are willing to spend $50 to $60 more, buyers from chains including Jamesway, Heck's, K mart and Zayre agree.

To capture this market, discounters are planning advertising strategies for next season that will coax consumers to step up to higher-end units.

Wal-Mart, which carried three gas grill models this season, is planning to add one or two more next year, said the buyer. Prices now range from $99 for a basic unit with grill and gas tank, to $188 for a deluxe model. Next season he plans to add a model priced at about $219; this will be a double-grill with several accessories.

Meantime, in power mowers, retailers reported a surprisingly successful season, despite preseason worries that new safety regulations would raise prices anywhere from $30 to $100 per unit. In actuality, prices rose a "minimal" 10%, discounters said, adding that the rainy spring helped spur mower sales.

At Jamesway, the Consumer Product Safety Commission's new regulation tacked only $10 on each of the chain's four lawn mower models, priced at $119.99 and $229.99.

Indeed, the wet season that helped grass grow high encouraged Wal-Mart's shoppers to accept the 10% price increases. With a four-sku-mix running from $118 to $167, the buyer intends to possibly exchange some sku's for new styles in 1984.

Domestics

(Continued from page 95)

chandises lifestyle furniture, throw pillows, rugs, lamps, wall prints, chair coverings, hassocks and decorative accessories.

Table linens, place mats, napkins and accessories are logically housed in the Table Top area along with dinnerware, flatware and glasses.

For Nichols, the New York City-based chain, 1983 also represents a year of "dramatic changes" in domestics, according to the buyer. Following "an awful 1982," he reported "sensational sales" so far this year.

While the average 5,000-sq.-ft. department has remained constant, he performed a major overhaul on the assortments, reducing sku's in every line and consolidating vendors.

New Approach

"We are going for a more upscale mass merchandising look," the buyer said, using Caldor and Bradlees as models. "There is more coordination of merchandise on the fixtures now, compared to having relatable goods 30 yards apart."

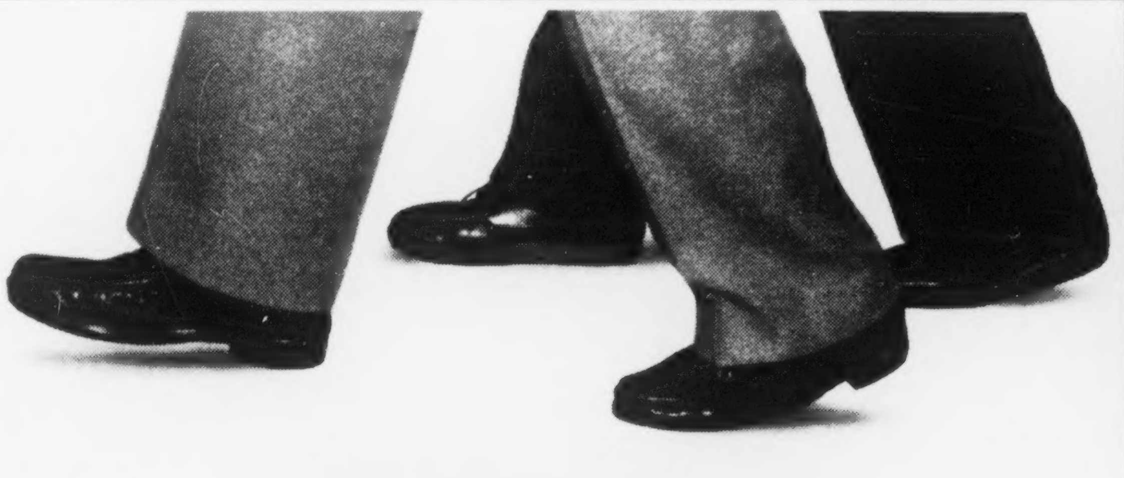
One interesting and new item for the Nichols department, according to the buyer, is water bedding. He said this is a growing item in the suburbs, noting a recent furniture store ad featuring five water beds. The sheets, which are constructed slightly differently from their traditional counterparts, retail for about 20% more.

While Heck's buyer reportedly did not make any significant changes in the chain's domestics offering this year, she said business is up some 35%. And that follows last year's 30% upswing.

Items that are moving well at the Nitro, W. Va.-based operation include Cape Cod and Priscilla curtains. The latter are priced between $20 and $25. The chain's $2.99 bath towel is also moving briskly.

In sheets, Heck's assortment consists of 15 prints sets, priced at $13.99 for twin-, $19.99 for full- and $25.99 for queen-size.

There are also four pastel solids available—blue, pink, yellow and green—plus white. These are sold only as open stock, she said, since in Heck's rural markets, country women buy more flat sheets, which they use for quilting.



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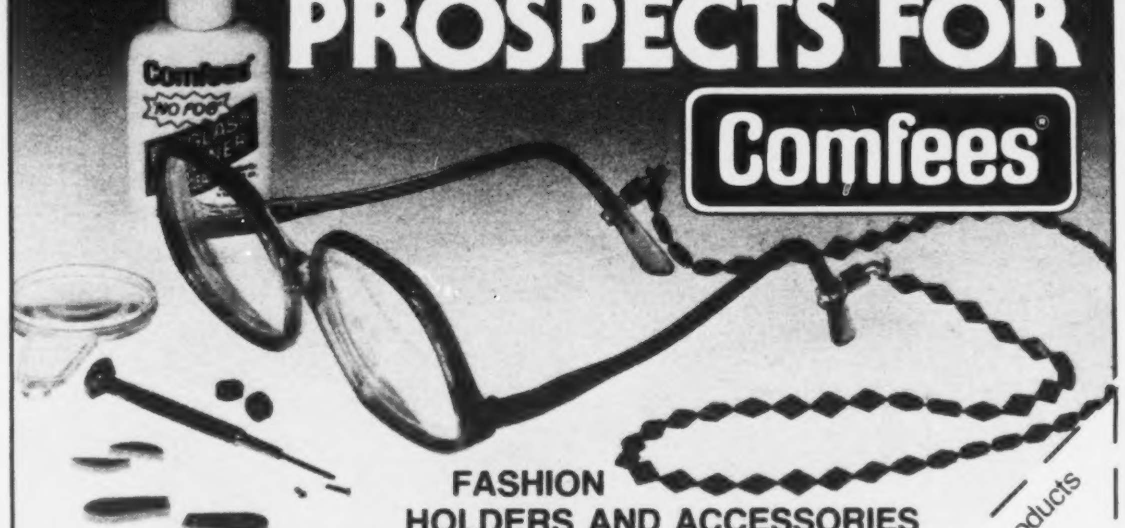

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Jewelry Sales Rise Is Seen

(Continued from page 86)

with fine jewelry, however. Don Kiser, buyer for Murphy's Mart, has experienced a leveling off in gold business.

"Gold just isn't pulling like two years ago," he said.

Kiser, among other buyers, cited the re-emergence of costume jewelry as a force in the department. Pop-colored enamels have been among the best sellers for many retailers.

"Costume business has been dead for the past two years but the previous few months have looked very promising. It's the colors that have been picking it up," explained Kiser.

At Prange Way, the gain in costume business has been more dramatic.

"We've been doing extremely well in costume," said Deitte. "Fine jewelry has been off for us, gold chains have peaked and the move has been toward enamels, particularly earrings."

The bright-colored enamel helped push costume business up 20%-25% at Smitty's, reported buyer Gerald Goshe.

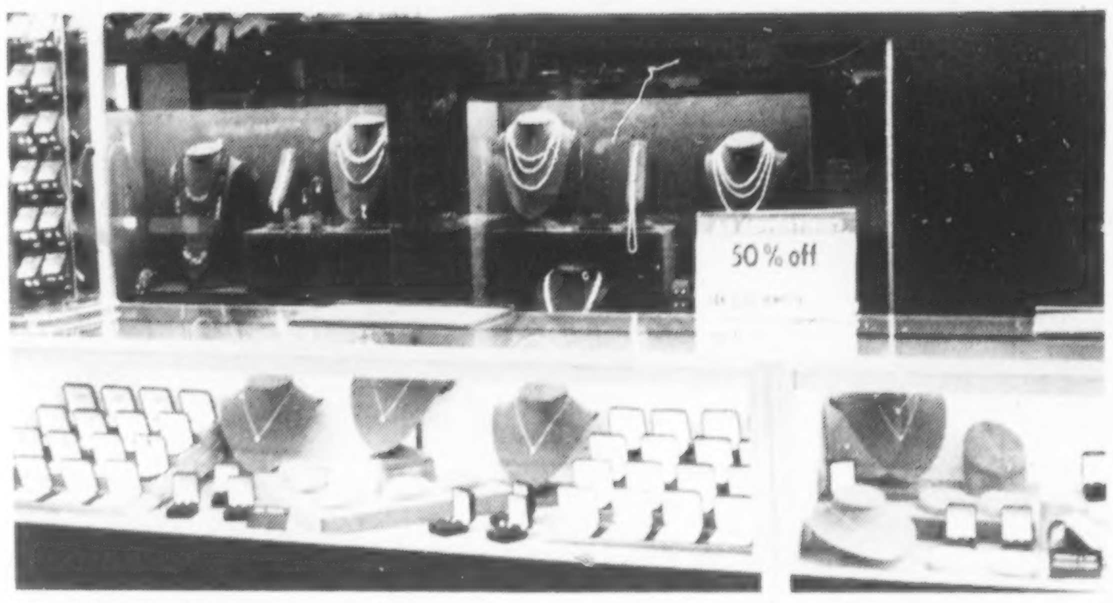
Along with renewed costume activity, lower-end digital and promotional watches continue to thrive but sales figures are deceiving. Don Kiser explained: "Watch sales are up unit wise but off dollar wise. The average price has dropped from $9.98 to $3.98 and we have to sell twice as many to make our profit. We're taking a beating on volume."

Some discounters have been combatting this by adding higher-end, name-brand quartz analog watches to their inventories.

Gold Circle has been featuring Seiko chronographers at $45 along with low-end fashion LCD's at $9.99 in regional circulars.

Zayre continues to feature famous brand 17-jewel or quartz watches at $39.98 in its advertisements.

CE-oriented products such as solar calculators (activated by available light) and digital pen watches have been selling out of the jewelry department and doing big numbers. K mart reports the calculator, priced below $10, as one of its best sellers.



Bradlees' 14k temptations are made more palatable by a 50%-off advertised special. The Annandale, Va., unit also displays a wide selection of costume merchandise, demonstrating renewed sales vigor this season. *(DSN photo)*

Expansion by Gaylords in Southeast Is Due

(Continued from page 61)

new bonus and incentive programs which delineate areas under the direct control of managers and supervisors.

"We're going to operate on a grassroots basis, with input and ideas flowing from the bottom upwards," said Nusim. "We want to use the thoughts and knowledge of store managers and associates in our planning and programs so we can better respond to our markets and competition."

Sales during the fiscal year ended Jan. 29, 1983, were $114.5 million, down from $118.3 million a year earlier. However, sales per store were up 2.4%.

Net earnings fell to $85,000, compared with $471,000 during fiscal 1981, when the company also had net aftertax gains on real estate transactions of $323,000. The company attributed its performance drop to heavy promotional markdowns it took to clear inventory when closing stores, as well as competitive pressures brought on by Woolco and Barkers "going out of business" sales in New Orleans.

Having picked up five Barkers units, Gaylords now operates 10 in that metropolitan area and appears to be K mart's main competitor for market share in the land of the Mardi Gras.

Gaylords has already refurbished the new stores to conform with its new interior design format—which is marked by earth tones and a race-track layout filled with hard lines by perimeter walls, soft goods in the raceway infield, and convenience sections like health and beauty aids at the front of the store.

Gaylords currently operates 34 full-line discount stores, averaging 60,000 sq. ft., in 10 states throughout the Eastern corridor, plus six Towers catalog showrooms, averaging 40,000 sq. ft., in three states.

Stationery

(Continued from page 92)

selling color, with yellow the second most popular and brown coming in third, according to a buyer.

For tax season the Worthington, Ohio-based chain tested more items with a fashion appeal: plastic milk-carton-type hanging file boxes, KD typewriter tables, KD ready files and a plastic version of an accordian file.

Prange-Way's assortment of desk accessories was expanded to include six colors. A buyer for the Green Bay, Wis.-based chain said that by the start of spring the smoked gray version was the best seller.

At Fishers Big Wheel, a 15-store test of expanded 28-ft. home office sections included plastic desk accessories in five colors: yellow, blue, red, brown and smoke.

Different Techniques

In school supplies, most buyers were planning to price sharply on filler for back to school to draw traffic—they could afford to since their costs were down by 11%. But for profits, buyers were looking to spiral notebooks and theme pads with licensed characters.

In that category most chains went with five or more characters this year instead of two or three as in the past. The winning combination includes such proven hits as Garfield, Shirt Tales, Snoopy, Muppets and Critter Sitters.

To cash in on the popularity of licenses year-round, Gold Circle broke out a 4-ft. licensed card section this year. That way the chain can use a variety of sources on a rotating schedule to get all the hot-selling characters on board.

In eight stores, the chain is testing "split management." Instead of sticking to a program from Gibson or American Greetings for the section as most discounters have done in the past, the greeting card space is divided between Gibson and Drawing Board in the test stores.

At Cook United the greeting card department was moved to a high-traffic location at the front of the store with endcap displays of licensed cards used during the summer months, when there are no holidays.

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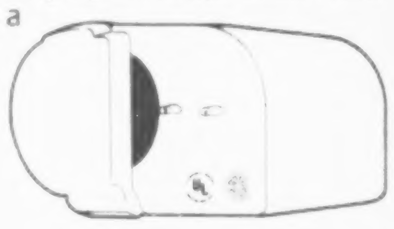

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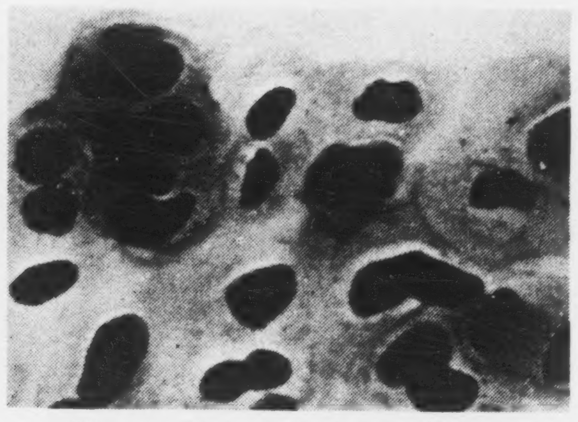

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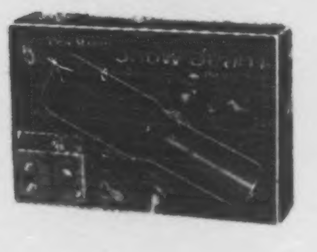

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Ladies' Apparel

(Continued from page 119)

soft lines sales. Soft lines—including domestics—at Bradlees represents 60% of sales. At Hills, apparel alone represents 60% of sales.

Caldor is working on bringing soft lines business much above 30% of sales. Its new junior and petite areas are part of that effort. The chain has also added more upscale fixturing to its women's departments, and it has boosted opening price points to project a better quality image, one that's more consistent with its hard lines reputation.

This year Caldor also launched a new top-of-the-line private label program under the name Marc Robbins for all soft lines departments. For fall the label was prominent in women's hosiery and intimate apparel.

Discounters have taken a variety of approaches to brand names. Bradlees' management, for example, has said it's interested only in buying on a direct-and-with-continuity basis. That posture appears to have softened—as long as continuity of merchandise is available. For fall such brands as Chic, Tres Classique, Peabody's, M. J. Sport and Bonjour were added.

The soft lines gmm for another New England-based chain said: "What a lot of us are doing is working a line through a diverter. The hope is that the manufacturer will like the volume he's doing with us and ultimately consent to sell us on a direct basis.

Most discounters incorporate brands in their stocks, frequently giving new arrivals on-the-aisle positioning. Caldor, for example, gave Trousers Up junior sportswear a main aisle spot when it added the line.

H&BA

(Continued from page 116)

aggressive price competition from low-margin H&BA outlets. As a result, prices on key items were constantly footballed to draw traffic, and industrywide gross margins in H&BA are slipping 19% from last year's 22% to a projected 18.8% in 1983.

To get relief, many chains combined sharp pricing on basics with merchandising moves meant to establish their stores as a source of higher margin lines:

- At Richway, Zayre and Wal-Mart diverted designer fragrances such as Lauren, Halston, Norell and Nina Ricci have been switched from the holiday-only status and become part of the everyday selection this year. Buyers at those chains are hoping that when Christmas rolls around shoppers will remember seeing the permanent sections.
- Buyers At Hills, Gold Circle, Danners and Payless all expanded their face care departments in anticipation of 15% to 20% sales gains this year. To fill the additional shelf space (in most cases taken from hand and body) chains are picking up Oil of Olay's Beauty Bar, Sea Breeze oil-free moisture lotion Neutrogena liquid cleanser and, at Hills and Payless, Youth Garde lotion from White Hall Labs.
- Gaylords launched an 11-unit test of a planogrammed 8-ft. vitamin section, more than double the size of its former 4-ft. sections. The new sections offer a more complete selection that includes Rexall naturals and a controlled label in addition to national brands.

Fabrics

(Continued from page 107)

ting back into fabrics. Let the piece goods shops have the business."

While the larger Rose's units used to feature some 10 5-ft. tables of fabrics in the department in addition to notions, what is left is a 20-ft. gondola run of sewing notions. Crafts are merchandised as a separate department next to notions.

According to the buyer, the department has inherited a pattern collection, which occupies 6-10 ft. under a five-year contract with McCall's which doesn't expire until January 1985. Pattern sales are down 30%, he noted, somewhat relieved there is no inventory investment, only space.

By mid-October Rose's notions areas will be fully serviced by an Atlanta wholesaler, Sewing Sales and Services, the buyer said. He is projecting bottom-line improvement when the distributor takes over the sku's-intensive department, containing 500 to 600 items, since he expects a stronger in-stock position than in the past.

Murphy's Mart has also made innovations in its notions department with the installation last January of 75 sku's from Singer. The buyer indicated that the chain, which now carries two suppliers, may go 100% Singer for fall.

This move marks a consumer tradeup of 10% to 15%, he said, pointing to his margin increase of 7%.

"Customers are willing to spend the additional dollars," he observed. "The program has been in the stores for over six months now, and we are very enthused."

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OCTOBER 10, 1983

Computer Break-ins: A Growing Concern

"Give a moderately competent hacker 10 minutes on a backroom minicomputer and he could probably break the [headquarters] mainframe."
—A computer security expert
for Columbia University.

Nationwide DSN Report

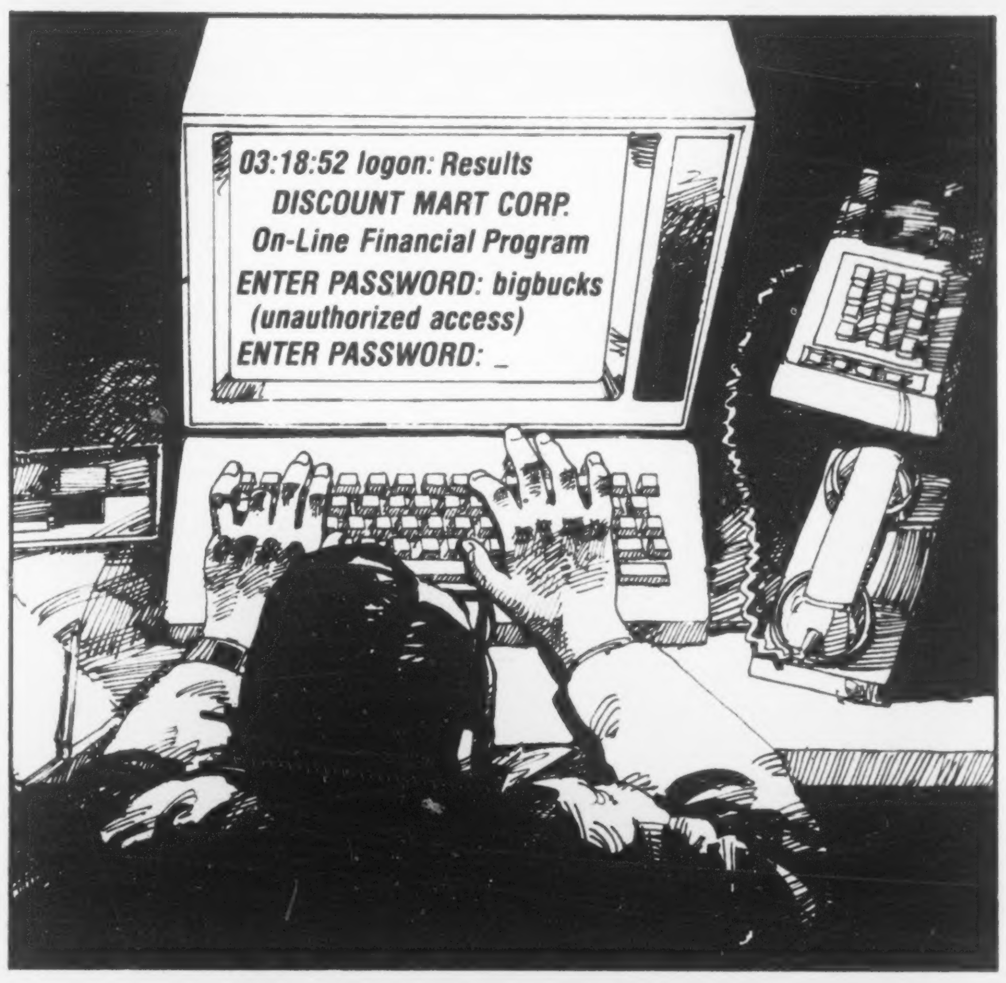
Discounters' computer and point-of-sale (POS) systems are becoming increasingly vulnerable to tampering with the growing use of telecommunications and microcomputers.

The situation is most acute for those chains presently maintaining an on-line status—allowing computer-to-computer communications—with their stores, distribution centers, suppliers and banks, as well as for those undergoing a rapid data processing expansion, according to management information specialists.

"[The discounters'] systems are all basically the same," said the Columbia expert. "And, since the systems are so similar, it's entirely possible that one company could be working to get into another company's system—it's just not that hard to do.

"The biggest danger is that people are ignorant of what real computer security is all about."

Indeed, the computer security issue wasn't even raised by discounters at a recent National Mass Retailing Institute conference on security.



As most discounter management information system (MIS) executives see it, their access controls are adequate. They also argue that, by and large, their systems are neither sufficiently advanced nor contain sensitive or valuable enough data to warrant the use of more stringent measures.

Despite their rationale, questions about computer security seem to strike a nerve among some discounters.

For example, the MIS executive for a Southern-based chain reported that a 22-year-old college student had been caught and arrested for breaking into the company's system.

Within minutes of the admission, the chain's two top officials called to deny that the incident ever occurred.

Said one local law enforcement official of the denial: "I'm not surprised that they don't want to talk about it. There are very few arrests and even fewer prosecutions involving computer tampering. Usually, the companies make the trespassers sign a non-disclosure agreement after they've told them how

(Continued on page 78)

Execs Spark SPARC Fete

Harold Frank, chairman of Bradlees (l.) and Carl Bennett, founder and chairman of Caldor (r.) were the guests of honor at *Discount Store News'* annual SPARC (Supplier Performance Award by Retail Category) banquet. Fred Filer, *DSN's* publisher (c.), presented the awards to the two retailers during the banquet, which also saw 54 manufacturers honored for their outstanding service to the industry. Story and photos appear on pages 25 through 29.

Shoppers' Reactions Are Mixed To Changes at Jefferson Ward

[This story was researched by Al Heller and Marilyn Neerman, and written by Heller.]

MIAMI—Whichever way you look at it, Jefferson Ward is a chain in transition.

Whether or not the 48-store discounter manages its latest changes well (see *Discount Store News*, Sept. 19, 1983), it's clear that the hoped-for turnaround won't happen fast.

Also, if a reportedly impatient Mobil Corp. decides to sell the chain in the meantime, as reliable trade sources insist could happen, the acquirer will have to overcome operations and merchandising problems currently ingrained at Jefferson Ward.

For now, however, Jefferson Ward chairman Arnold Suval is working furiously to right the discounter. He's attempted to improve central buying, tighten distribution, renovate stores and cut back costly service-oriented departments in order to help bring his firm into the black.

It's clear that Jefferson Ward shoppers have noticed many of the changes, some with favor and others not, based on a *Discount Stores News* shopper survey conducted recently in Florida, the area considered to be the chain's current stronghold.

More than one-third of the shoppers surveyed visit Jefferson Ward at least once a week. Another 44% said they shop there less frequently—but at least once a month.

Further, these shoppers seem to represent a solid middle class base for the chain. Among the shoppers surveyed at Jefferson Ward's Kendall and Hallandale Diplomat Mall stores, 34.3% had household incomes of more than $40,000 and 21.9%, $25,000-$40,000. The chain runs some risk, however, of losing these high-income shoppers as it moves away from a heavy service orientation. It's a strategy that has apparently caused customer confusion about what to expect in-store.

According to Jefferson Ward

(Continued on page 4)

Remerchandises Matco, Opens Yale's Showrooms

Dolginow Alters Mattingly Operation

LEXINGTON, Mo.—Mattingly Stores has revamped its operation into two distinct but overlapping retail businesses: 14 Matco Home and Clothing discount specialty stores and three Yale's catalog showrooms.

The changes made during the past year by Yale Dolginow, head of the privately held company, were capped last month by the conversion of three former Matcos in suburban Kansas City, Mo., markets into Yale's showrooms.

Since its acquisition by Dolginow Inc., a Missouri holding company also headed by Yale Dolginow, Mattingly Stores has been phasing out its former 14-unit Mattingly variety store chain. Only two such units in Missouri remain.

Concurrently, the Matco discount stores were remerchandised to focus on basic apparel goods for the home and health and beauty aids.

Commodity merchandise such as convenience foods was dropped and the assortments were narrowed in categories like hardware and auto.

Dolginow said the changes were made so that Mattingly could compete better with larger retailers like Wal-Mart, K mart and T.G. & Y. by operating different types of discount-oriented stores that are geared to the needs of rural and suburban customers.

Matco offers a broad mix of basic apparel and a tight selection of hard goods. Yale's goes the other route, merchandising a wide assortment of hard lines and a limited amount of basic clothing and domestics.

The two operations complement each other. Matco shoppers can even order goods from the Yale's book in a catalog order desk in each Matco store.

The former Matcos that were converted to Yale's were a 36,000-sq.-ft. store in the White Oak Plaza in Blue Springs, a 30,000-sq.-ft. unit in Lee's Summit and a 27,000-sq.-ft. store in the Cedar Tree Square in Belton. The communities have population figures of 10,000 to 25,000 and are within a 30-min. drive from downtown Kansas City.

The suburban nature of these markets resulted in the decision to operate these stores as catalog showrooms—the retail field in which Yale Dolginow grew up in—rather than as revamped Matcos, which are geared to rural shoppers.

(Continued on page 77)

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Digest
Oct. 10, 1983

AGMC CONVENTION

- **Speakers at this week's con**vention of the Association of General Merchandise Chains, on Marco Island, Fla., will focus on the event's "Strategies For Success" theme. (pp.15-17)

LAWN & GARDEN

- **Chains are expected to con**tinue upgrading their mixes. The 1983 season produced such winners as gas grills, mowers, string trimmers and bug killers, all expected to score again in 1984. (supplement, pp. 35-50)

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Low-end charcoal grills, like these on display at Aim for the best, Bartlesville, Okla., still account for six times the unit sales of gas grills. *(DSN photo)*

Even Deeper '84 Effort Planned

Many Buyers Report Hot Sales Of Accessory-Laden Gas Grills

Nationwide DSN Report

Discounters—no longer as fearful of getting burned by higher price points—appear willing to plunge even deeper into accessory-laden gas grills next season.

Their boldness in the category jumped significantly with the season just ended; many buyers reported soaring sales, especially on the high end.

Although charcoal grills still outpaced their gas-fired counterparts by about 6 to 1 in unit sales, gas grills dominated dollar volume.

Overall, discount department stores continue to be the leading retail supplier for the category, according to industry figures.

The gas grills' strong performance, coming on the heels of a rain soaked spring, caught many buyers—and manufacturers—off-guard. Some were already planning early markdowns when the category took off. Those who went ahead used the lower prices to further drive the category.

By many accounts, gas grills with carts—those with a boxed frame base instead of a single pole—emerged as the hot items. And, they figure prominently in many of the chains' growth plans for next year.

"It was a surprise to us," said Mike Rutkowski, buyer for Gold Circle. "They took away from our midrange business."

The chain's offerings last summer were limited to four sku's, including one cart model. That assortment will be expanded to a fifth sku next year, Rutkowski said.

Prices ranged from $119.99 to $269.99, with the cart grill holding the top price point. However, during an early season Father's Day promotion, the chain cut prices by at least 25% across the board, making the range $89.99 to $179.99.

Changing Prices

Additionally, Gold Circle offered a portable table-top gas grill, which Rutkowski said also performed strongly. However, because the portable unit was more subject to price footballing, he indicated that he'll be looking for a more sharply priced unit for next year.

"The gas grill market is one of the biggest dollar producers in the store," he said.

The trend toward more features on the grills—with the demand for carts predominant—was also seen by Zayre, which apparently is planning a narrow and deep strategy for 1984.

Last summer the chain carried six gas grills priced from $99 to $239. Two were cart units at the upper-range price points of $179 and $229.

More Important Role

Merchandise manager Nils Pederson said he's considering a reduction in the overall assortment—to five sku's—while expanding the cart offerings to three.

The bulk of this year's sales, he said, were in the $149 to $159 promotional range.

The chain also offered one portable unit, which was promoted at $38, he said.

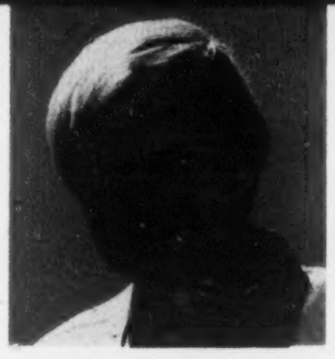
A key reason for the chains' aggressive pursuit of the gas grill business is their 30%-plus margins, although buyer Lee King of Zodys noted that there was "some erosion" on the low end, with some discounters going down to what he termed a "nasty" $89.99 on the units.

Nonetheless, Zodys will attempt to maintain its four sku's—including one cart—in the $119 to $229.99 range.

But the tendency for erosion on the low end—perhaps combined with a loosening of consumer spending—may be helping the chains trade up,

(Continued on page 41)

How to reach the green.
by Jack Nicklaus



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LAWN & GARDEN

High-ticket grills dominate a freestanding display at a Caldor in Baltimore. Volume of mid-priced units is hurting, buyers said, because shoppers are either trading up to top models or sticking with low-cost charcoal grills. *(DSN photo)*

Demographics of Gas Grill Customers

Age

18-24	13.3%
25-34	19.5%
35-44	22.2%
45-54	26.6%
55 and Older	18.4%

Education

Did Not Graduate High School	15.9%
Attended College	17.8%
College Graduates	21.3%
High School Graduates	45.0%

Home Ownership

Residence Owned	87.8%
Value Over $60,000	65.7%
Value Under $60,000	34.3%

Household Income

$35,000 or More	29.2%
$25,000 to $34,999	31.2%
$20,000 to $24,999	16.8%
$15,000 to $19,999	10.6%
Under $15,000	12.2%

Source: Arkla Industries market data

Grill Sales

(Continued from page 40)

as suggested by Murphy's Mart buyer Roy Fowler.

Murphy's Mart carried six sku's of gas grills last summer, ranging in price from $99 to $200. One was a cart unit, selling for $159, and Fowler said he plans to add one more next year.

Although the chain's prices began at $99, its heaviest promotions occurred in the midrange price points.

For example, Murphy's Mart advertised two gas grills in one of its newspaper tabs—an "economy" model, promoted at $127.88, regularly priced at $147.88, and a "deluxe" model, promoted at $146.88, regularly priced at $166.88.

Advertising Move

While neither was a cart unit, the chain strongly advertised their other features, including pushbutton starters and dual burners with separate heat controls.

That same tack was taken by many other chains, including some that hedged on a commitment to cart units last summer.

At S. E. Nichols, the cart units were "tested" in a number of stores last season, with more than encouraging results. But the chainwide program was limited to four sku's of gas grills at price points ranging from $100 to $200.

Next year the program will be expanded to include the cart units—in the over-$200 price range—chainwide.

"The category is so hot that we'll definitely add something," the buyer said.

Barbecue Grill Industry Unit Sales Performance, Projections

(All figures in millions, except for percentages)

		CHARCOAL		GAS GRILLS		
Year	Total Industry	Units Sold	% of Industry	Units Sold	% of Industry	% Increase Over Previous Year
1979	11.1	9.6	86.8	1.3	11.9	12.8
1980	11.6	10.1	87.1	1.2	10.6	– 7.3
1981	11.8	10.2	86.6	1.4	12.1	16.3
1982	12.0	10.2	85.2	1.7	13.8	15.3
1983	12.4	10.3	83.0	1.9	15.4	15.2
1984	12.9	10.5	81.2	2.2	17.0	15.8
1985	13.3	10.5	79.2	2.5	18.9	13.6
1986	13.5	10.5	78.1	2.7	20.0	8.0
1987	13.7	10.5	77.0	2.9	21.2	7.4

Source: Arkla Industries, Market Data.

Note: Percentages do not add up to 100 because of rounding and small market shares held by other barbecue grills products.

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